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ROYAL COMMISSION ON THE
TEXTILE INDUSTRY

HON. MR. JUSTICE W. F. A. TURGEON
Commissioner

A. S. Whiteley, Secretary



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HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A. S. Whiteley, Secretary,

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(June 8th, 1936)

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A p p e a r a n c e s :

J.C. McRuer, K.C., and)

E. Beauregard, K.C.) Commission Counsel,

J.P. Lanctot, K.C.

For Special Committee of
Primary Textile Industries.

C.C. Hevard, K.C.)

Aime Geoffrion, K.C.) For Dominion Textile Co.
and) and Montreal Cottons,

C.T. Ballantyne,) Company Limited.

S.G. Dixon, K.C.

For Courtaulds Limited,

L.A. Forsyth, K.C.

For Canadian Celanese
Ltd. and Canadian Silk
Products Limited.

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Montreal, Que.
8th June, 1936,

-- The Commission resumed at 10 A.M.

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THE COMMISSIONER: Are you ready, Mr. McRuer?

MR. McRURER: Yes, my lord. I will call Sir Herbert
Holt.

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SIR HERBERT S. HOLT, Sworn,

EXAMINED BY MR. McRURER:

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Q. Sir Herbert, where do you live? . Montreal.

Q. In Montreal? A. Yes.

Q. Is your permanent home in Montreal? A. Yes.

Q. And you are Vice-President of the Dominion
Textile Company, are you? A. Yes.

Q. And Sir Charles Gordon is the President of the
Company? A. Yes.

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Q. And I understand that he is abroad in Scotland
at the present time? A. Yes.

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Q. How long have you been vice-president of the
Dominion Textile Company? A. Oh, a number of years,
I cannot tell you; the Minutes will show that. It is
a great number of years.

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Q. You were one of an original syndicate organized
in the year 1905 - A. Yes.

Q. For the purpose of bringing about the amalgamation
of certain textile companies and organizing them into
the Dominion Textile Company? A. Yes.

Q. And you subscribed the sum of \$100,000 to that

1927

The following is a summary of the results of the investigation.

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Syndicate? A. I think so; that is my recollection.

Q. According to the records, you subscribed \$100,000? A. Yes.

Q. And three others subscribed that amount -

Sir Charles Gordon, H.V. Meredith, and the Hon. L.J.

Forget. A. I suppose so.

Q. And you are down for \$100,000? A. Yes.

Q. At that time you were President of the Colonial Bleaching and Printing Company, were you not?

A. Yes.

Q. Had you been instrumental in organizing the Colonial Bleaching and Printing Company? A. Yes.

Q. Were you one of the chief shareholders in it?

A. I think so.

Q. Did you control the stock? A. No.

Q. The majority of the stock? A. No.

Q. You did not have the majority controlled?

A. No.

Q. But you regarded yourself as one of the chief shareholders in it, and you were President of the Company? A. Yes.

Q. The Colonial Bleaching and Printing Company was one of the companies that ultimately became merged in the Dominion Textile Company? A. Yes.

Q. I would be glad to have you tell me, what your object was in bringing these companies together in one company? A. It was started--

Q. Speak out as loud as you can, Sir Herbert,

you are sitting in a rather awkward position for us
to hear very well.

5 A. My recollection was that the Dominion Textile
Company was in bad financial condition.

10 Q. The Dominion Textile Company? A. The Dominion
Cotton Company were in very bad financial condition,
and they started it, and why the Colonial Bleaching
and Printing Company went into it was because there
was cut-throat business going on at the time.

Q. They went into it because there was cut-throat
business going on at the time? A. Yes.

Q. What do you mean by "cut-throat" business?

15 A. Well, they were cutting prices; all the companies
were cutting prices.

Q. Yes. A. The demand was as much as the
capacity of these mills.

20 Q. The demand was as much as the capacity of these
mills? A. Yes, and there was very keen
competition between all the companies.

Q. There was very keen competition between the
mills? A. Yes.

25 Q. Then, was one of the objects in organizing
the Dominion Textile Company to diminish the competition
that had existed among the mills? A. No, I think
you will find the sales were larger than ever before.

30 Q. Well, I do not quite understand when you give
it to me that one of the objects, - I asked you for
the reason for organizing the Dominion Textile Company,

Mr. Swann's wife

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and you said there was very keen competition among these mills? A. Before the company was organized and functioned.

5 Q. There was very keen competition among these four mills, the Dominion Cotton Mills Company, the Toronto Cotton Company, the Montmorency Cotton Company and the Colonial Bleaching and Printing Company? A. Yes.

Q. And then what I was asking you is this:

10 Was one of the objects in organizing the Dominion Textile Company to diminish this competition that had been so keen? A. Certainly not.

Q. Then why was it you gave it to me as one of the objects of organizing the Dominion Textile Company?

15 A. I did not say that I gave you that at all.

Q. Well, I ask you what your objects were in organizing the Dominion Textile Company, and you said that these four mills were in keen competition, there was cut-throat competition, cutting of prices?

20 A. Yes.

Q. And why did you say that if the ultimate object was not to diminish this competition? A. Certainly not.

25 Q. I ask you why you said that? A. I don't know, I did not understand what you meant.

Q. Probably you did not understand what I was arriving at? A. Well, I don't know.

30 Q. Then I am asking you now, why you replied in answer to my question what were your objects in organizing the Dominion Textile Company, that there had been

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very keen competition among these four mills?

A. Yes.

Q. You made that statement? A. Yes.

Q. What did that have to do with the organizing of the Dominion Textile Company? A. The organization of the Dominion Textile Company was brought about to try and regulate the trade and prevent these companies all going into insolvency.

Q. What do you mean by "regulate the trade"?

A. Regulate the trade; I will give you an instance of it: The Colonial Bleaching and Printing Company was a printing and converting company, the Dominion Cotton Company was in the same business. By organizing these two companies, bringing the two together, you get better efficiency and better goods turned out.

Q. And they were not then in competition with one another? A. They were all one company.

Q. How could they be ⁱⁿ competition with one another; they were all one company.

Q. Quite right. Well then, what was your experience when you were operating the Colonial Bleaching & Printing Company as to getting supplies for your company? Did you get them freely from the other company? A. We got them freely from all the companies except the Dominion Cotton Company that was in competition on the printing end of it.

Q. They were in competition on the printing end of it? A. Yes.

Q. Yes, and would not supply you with raw cotton

Very soon coal will be used for power.

or with grey cotton as you required it? A. We imported a lot of cotton from the United States and England and bought from the Westmoreland Cotton Company and the Merchants Cotton Company.

Q. Well now, your business in the Colonial Bleaching and Printing Company when you were operating the Colonial Bleaching and Printing Company was converting? A. Yes.

Q. Did you at any time weave? A. No.

Q. Grey cotton? A. No.

Q. I notice that it was proposed at one time to weave grey cotton, but you never got that developed? A. We could not finance it.

Q. You could not finance it? A. No.

Q. You do not suggest, Sir Herbert, that the Colonial Bleaching and Printing Company was in bad financial condition, do you? A. I had to put up a lot of money myself to keep it going.

Q. Well, do you suggest it was in bad financial condition at that time? A. It was.

Q. It was? A. Yes.

Q. Well, when you sold the Colonial Bleaching and Printing Company to the Dominion Textile Company you were able to get for it 185 cents on the dollar. Why were you able to get such a handsome price if it was in bad financial condition? A. Because we were the latest and best equipped.

Q. Well now, I want to recall to you a speech to the shareholders at the Annual Meeting of the Colonial Bleaching & Printing Company in 1901. And may

12 Herbert St.

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Sir Herbert Holt

I just read from the Minute Book for a moment.

THE COMMISSIONER: A speech by whom, Mr. McHuer?

BY MR. McHUR: Q. A report by yourself, Sir
Herbert? A. Not a report. It was an address,
I suppose.

Q. An address, yes.

THE COMMISSIONER: In what year?

MR. McHUR: On the 25th April, 1901. It reads
as follows:

"On motion, H.S. Holt took the Chair,
and F.C. Shannon, acted as Secretary of the
meeting.

The Chairman called the meeting to order
and the Secretary read the notice calling same."
And then it goes on to say:

"The Colonial Bleaching & Printing Company,
Limited, directors report to the Shareholders --"
Q. You would, no doubt, read this report, would you
not? A. Yes.

Q. It reads as follows:

"Your Directors beg to submit the financial
statement of the past year's business. Our
works were started up about the middle of last
April, and we are pleased to say that since then
they have been running continuously, and it is
a certainty (barring accidents) that such will
continue during the present year.

We were delayed in starting the work in time

17th March 1954

I have been thinking about you for some time.
I hope you are well and happy.
I am sure you are.
I am sure you are.
I am sure you are.

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to secure last fall's business, so that our sales for the first six months were light. However, the last six months' sales were very fair, and the total for the year amounted to \$422,774.00. Our sales for the present month are as much as those for the first six months of last year.

You will notice that the profits were somewhat more than sufficient to cover the interest on loans and bonds and all general charges - this in the face of a first and full year's expense, as against only about eight months' sales is very satisfactory.

We can now certainly claim that "Colonial Prints" are popular with the trade in general, and are already sold on equal terms with the other Canadian and imported goods, and we have no fear but that the full production of our mills during the coming year can be easily marketed, and that prices that will yield a fair return on capital invested.

We have been compelled to import so much cloth from England and the United States under heavy duties that your Directors have given attention to the question of erecting a cotton mill to supply part of the cloth required, and are convinced that such can be carried out profitably, and at the same time prove of great benefit to your present property."

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Sir Herbert Holt

Q. Why was it you were compelled to import so much cloth from England and the United States under heavy duties? A. Because we could not buy them in Canada.

Q. Those other mills that you suggest were in such bad financial condition were not able to supply you with goods? A. No, I did not suggest that at all.

Q. Well, that they would not supply you with goods? A. The Dominion Cottons would not supply us with goods.

THE COMMISSIONER: What company?

BY MR. MEYER: Q. The Dominion Cottons, that is one of the companies that you suggested was on the eve of insolvency, but it would not supply you with goods, and you had to import them at heavy duties? A. Certainly.

Q. Well, why was that? A. Because they were in the same line of business as the Colonial and Bleaching Company.

Q. Then why did you not place your orders with the Merchants Cotton Company and the Montmorency Cotton Company? A. We did place orders with them but they did not have the capacity at the time to turn out the class of goods we were needing.

Q. They did not have the capacity at the time to turn out the class of goods you were making? A. No.

Q. Well then, we go to the meeting for another year, on the 28th of April, 1902, and I read from the

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Directors' report again, at pages 90 and 91:

"Your Directors beg to submit the financial statement of the past year's business. The sales for the year amounted to the very satisfactory sum of \$707,000 as against \$482,000 the previous year - but the net result has been disappointing. This is due to the high priced stocks carried over, on which during the first six months of the past year there was a very heavy depreciation in value, - and also to the exceedingly low prices for the finished articles that have obtained in the country during the past season, - in fact the lowest prices on record. The stocks referred to were the result of contracts placed in 1900, and were nearly all United States and English cloths, which were subject to a heavy duty - (since the Company commenced business the duty has amounted to over \$80,000,) - at that time the manufacturers in this country were so busy that it was impossible to contract here, and the prices of grey cottons were at a high point."

Q. Now, was it true that the manufacturers in this country were so busy that it was impossible to contract here?

A. I just told you a minute ago that the Dominion Cottons Company would not supply us at all, and we bought all the others could supply us, and we had to import the balance.

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Sir Herbert Holt

Q. Yes; if there had been a lower duty on gray cotton at that time it would have been very satisfactory to you as the operator of the Colonial Bleaching & Printing Company? A. Very satisfactory to us but disastrous to the other companies.

Q. Well, I am talking about your company?

A. Yes.

Q. You complained at this time that the duties were very heavy? A. They were.

Q. And the Colonial Bleaching & Printing Company was the company you were interested in? A. Yes.

Q. What did the duty amount to at that time that you termed, as a converter, to be very heavy?

Do you remember what the duty amounted to? A. Oh, I cannot tell you.

Q. The rate? A. Oh, I cannot tell.

THE COMMISSIONER: Do you happen to have them there, Mr. McRuer?

MR. MCURER: No, I have not got them, my lord.

Well, I think I may have.

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Q. Do you recollect the rates that prevailed at that time? A. I do not.

Q. Well then, your Company declared a dividend very shortly before it went into the merger with the other companies, did it not? A. I have no recollection.

Q. Well, at page 123 of the Minute Book - this is a report to the shareholders at the Annual Meeting of the 26th April, 1904, which would be the meeting immediately preceding the merger which took place in January 1905:

"Your directors have declared a dividend at the rate of 6% per annum out of the profits of that year payable half yearly in the months of January and July. The first dividend will be paid to the shareholders on July 15th next." so that apparently your Company having got under way in 1902 declared its first dividend of 6% per annum in July, which was payable in July 1904? A. Well, it had been going for four years then.

Q. Yes, I want you to tell me whether you regarded your Company in good financial condition or bad financial condition at that time? A. I think, if you have the records, you will find I was guaranteeing the Royal Bank for money they were advancing.

Q. I want you to tell me whether you regarded your Company in good financial condition or bad

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Q. Do you recall the date that was provided
at that time?
A. I do not.

Q. Tell me, your company declared a dividend
very shortly before it went into the merger with
the other companies, did it not?
A. I have
no recollection.

Q. Will you tell me the date of the
meeting of the Board of Directors of the company
which was held in January 1961, which would be the
meeting immediately preceding the merger which took
place in January 1961?

A. From January 1961 to January 1962 a dividend
was paid out of the earnings of the company
of that year and was paid in the month
of January 1962. The dividend will
be paid to the shareholders on July 1962.
So that apparently your company was not under any
in 1961 declared the first dividend of the year
in July, which was payable in July 1961.
It had been going for four years then.

Q. Now, I want you to tell me whether you
remembered your company in good financial condition
or had financial condition at that time?
A. Now, if you have the records, you will find
the financial condition of the company for the year
1961.

Q. I want you to tell me whether you
remembered the financial condition of the company
in 1961?

financial condition at that time? A. I beg your pardon.

Q. My question was - did you regard your company as in good financial condition or in bad financial condition in 1904 prior to the merger?

A. Well, we must have regarded it in good financial condition or we would not have declared a dividend.

Q. Then may I take it that you regarded it in good financial condition - I want to know just what your own view was of this company? A. My own view must have been that it was able to pay a dividend.

Q. That may be but I want to press it a little further and I want you to tell me what your view was as to the company - whether you viewed it as a company in good financial condition or in bad financial condition? A. I did not think it was in bad financial condition or I would not have approved of a dividend being paid.

Q. Then we may take it that your answer to my question is - that you regarded the company as in good financial condition? A. Certainly.

Q. Then what was your object in taking this company into the merger if it was a company that was in good financial condition and was prosperous?

A. The object of putting these companies--

Q. No, I am dealing with this one company, the Colonial Bleaching & Printing Co.? A. The

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Sir Herbert Holt

competition was so keen between the Dominion Cotton and Colonial Bleaching & Printing Company that Dominion Cottons saw they were going to - they could not compete with the Company because their machinery was not as modern as the Colonial Bleaching & Printing Company, and if they had continued at what prices were then, they would not be in a position to carry on.

Q. Well now, was it because you were sorry for Dominion Cottons that you went into the merger?

A. Certainly not.

Q. I am asking you why you took the shareholders of your Company, which you regarded in good financial condition, into this merger - I want any other answer than to save a competitor, so to speak - why did you take your shareholders into this merger?

A. Because I knew that a combination of these companies under proper management would be more successful.

Q. The combinations of these companies under proper management would be more successful - that is what you say you realized at that time? A. Certainly.

Q. And having realized that the combination of the companies would be more successful why did you not give the other shareholders of your Company an interest in the common stock of the new company?

A. Which shareholders?

Sir Herbert Hall

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and the other companies & the other companies that

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were not connected with the company, because their

company was not a company of the other companies

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Q. The other shareholders besides yourself?

A. Oh, they got just dollar for dollar what I got.

Q. No, I am saying: You were the leading spirit of your Company and realizing that a combination of these companies was going to be more successful, why did not you give the other shareholders of your Company besides yourself an interest in the common stock of the new company? A. They had sold out.

Q. Oh, no, I am asking when the scheme of the Syndicate was propounded why did not you propound a scheme that would give the shareholders of the old company an interest in the common stock, that is the ones besides yourself? A. I think any of them that wanted to come in we would have been glad to give them an interest.

Q. In the common stock? A. Yes. There was preferred stock and common stock.

Q. I am dealing with the common stock? A. But the Syndicate had to put up a million dollars, \$500,000.00 in preferred and \$500,000.00 in common.

Q. I am going to deal with that. We will get the letter that was sent to the shareholders of your Company. The Royal Trust Company produced here the other day a copy of a letter, circular letter, that was sent to the shareholders of the Colonial Bleaching & Printing Company. The letter is filed

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as Exhibit 331, and I read from page 3 of that letter, paragraph 4:

"The terms and provisions of the Trust Deed shall be subject to the approval of Mr. W. J. White K.C.

The Bonds herein mentioned will be 6% 20 year Bonds, redeemable at any time at the new Company's option at premium of 5%. The Preferred Stock will be preferred both as to capital and dividends, which dividends will be non-cumulative.

The Syndicate shall subscribe and pay for at par preferred shares in the new company to an amount of \$500,000.00.

The Syndicate will also invest \$500,000.00 in the common stock of the new company."

You recollect this circular going out to the shareholders? A. Yes.

Q. I suppose you would be one that would approve of the form of the circular before it was sent out? A. I suppose so.

Q. There is nothing said in this circular about what the Syndicate was going to get in common stock for the \$500,000.00 they invested? A. Might have got a bad debt.

Q. I say, there is nothing said about the number of common shares the Syndicate was going to get for the \$500,000.00? A. No. When I say 'no', I don't know.

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Q. Well, I will give it to you to read over if you have any doubt about that? A. No, I have no doubt.

5 Q. I have read the only paragraph I can find with reference to that. As a matter of fact, the members of the Syndicate got all the common stock for the \$500,000.00, did they not? A. I think so.

10 Q. That is all that was issued at that time? A. Yes.

Q. And the common stock that was issued was \$5,000,000.00 of common stock - that is correct? A. Yes sir.

15 Q. And that was issued to the members of the Syndicate? A. Yes.

Q. Your share in the Syndicate, by the way, was \$100,000.00? A. I think so.

20 Q. That would be, of course, one-tenth of the total amount. \$1,000,000.00 formed the total Syndicate funds, and for the \$100,000.00 you received allotted to you, I see, according to the Minute Book, a meeting of the directors held on January 27th, 1908, you received 300 preferred shares and 5000 common shares? A. I suppose so, I cannot recollect.

25 Q. At page 15 of the Minute Book a list of the allotments of the common stock are shown and your allotment is 5000 shares of common stock. The preferred stock, your agreement was to subscribe for

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Sir Herbert Holt

it at par? A. Yes.

Q. So for the 500 shares of preferred stock you paid \$50,000.00 - that is right? A. Yes.

Q. For the 5000 shares of common stock you paid \$50,000.00? A. Yes.

Q. And the par value of the common stock was \$100.00 a share? A. I suppose so, I don't know.

Q. The records show that. Well then, I would like if I might take you through the sad memory of the results of its investment, Sir Herbert.

Q. On page 13 of Exhibit No. 329 - Financial History of your Company - we have a partial list of the dividends that were realized by the common stockholders. In the first place, there were no common stockholders except the members of the Syndicate - that is, at the outset? A. I don't know.

Q. Well, our records have shown the names of the members of the Syndicate, the total allotment of the common stock - we proved that the other day. Now, we start off on this common stock that cost the members of this syndicate \$500,000.00 in 1905, by the end of the fiscal year of 31st of March, 1908, they received \$250,000.00 in dividends. Just let Sir Herbert have a copy of this and let him follow it. I suppose you are familiar with this little booklet got out by your Company? A. Yes.

Q. I do not know whether it has your name on it as vice-president any place. No, just the

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Sir Herbert Holt

authors names appear on it. Now, by the end of the fiscal year 31st March, 1908, the common stockholders, whoever they were, got in return for the \$500,000.00 invested the sum of \$250,000.00, the first dividend being paid that year, the fiscal year ending 31st March, 1908 - that would be correct? A. I do not think it is quite correct because the Syndicate put up \$500,000.00 beside that.

Q. That was for preferred shares? A. Yes.

Q. That is shown in another column. I am taking the common stock. They got their regular dividend on the preferred stock at 7% per annum from the beginning up till date - that is correct?

A. I suppose it is.

Q. Well, you know. There never has been a default in the preferred dividend of 7% per annum?

A. No.

Q. There never has been a cut in it - that is correct? A. Yes.

Q. So that all the preferred dividends of 7% per annum have been paid at regular intervals since the first dividend fell due in 1905? A. Yes.

Q. Then we come to the common dividend. On the \$500,000.00 invested in common stock, at the end of the fiscal year 1908 they had got \$250,000.00 in dividends for that year? A. That is first dividends paid.

[illegible]

6. There were no significant differences.

Q. Yes. Then in the year 1909 \$250,000.00 was paid. We may just pause there for a moment to realize that by the 1st of March, 1909, the whole of the investment had been returned in dividends, the whole of the \$500,000.00 invested? A. Yes.

Q. Then in 1910 there was \$250,000.00 paid that year. 1911 \$250,000.00 paid for that year - that is correct? A. Yes.

Q. 1912, \$250,000.00 paid for that year? A. Yes sir.

Q. 1933 the dividend rate was raised and there is \$275,000.000 paid for that year? A. Yes.

Q. Now, in this Statement up to the end of 1912 it is shown as 5%, 5%, 5% and 5% - that is, 5% on the \$5,000,000.00 issue? A. Yes sir.

Q. But it would represent 50¢ in each instance on the amount that was invested in this common stock - that is correct? A. I suppose so.

Q. Then we come to the year 1913 and the dividend that year was \$275,000.00, which is stated to be 5½% here but would represent 55¢ on the amount invested? A. Yes sir.

Q. Then 1914 there was another increase and it was up to \$300,000.00 this year? A. Yes sir.

Q. Which would be 60¢ on amount actually invested in the stock - you agree with that? A. Yes.

Q. Then 1915 \$300,000.00, the same rate of 60%. 1916, \$300,000.00, same rate of 60%. 1917,

\$300,000.00 or the same rate of 60%? A. Yes.

Q. Then this published pamphlet appears to have suffered from blushes and from force of modesty published no further statement, but we have the evidence given here on Thursday and Friday of last week that tells us what the dividends are. In 1918 the dividend, according to the evidence, was increased to \$350,000.00, and you agree with me that would be at the rate of 70% on the amount invested - that is correct? A. Yes, sir.

Q. 1919 it was stepped up again and became \$400,000.00, and you agree with me that would be 80% on the amount invested? A. Yes sir.

Q. 1920 it is \$400,000.00, which would again be 80% on the amount invested and then in 1929 the dividend was \$500,000.00 - do you recollect the year that it got up to \$500,000.00? A. I do not.

Q. Well, at any rate, you agree with me at that rate it would be 100% on the amount actually invested in the capital stock? A. Yes.

Q. And then 1922 it was raised again and became \$600,000.00, and you agree with me that that would be 120% on the amount actually invested? A. Yes.

Q. Then in 1922 - that is, after the end of the fiscal year, 31st March, 1922 - there was a further issue of capital stock, of which 25,000 shares were issued at \$1.00 per value - you remember that? A. I don't remember it, but I suppose it is correct.

6,000,000.00 of the same rate of 10.00 per cent.

1. The said rate of 10.00 per cent shall be

and the said rate of 10.00 per cent shall be

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THE COMMISSIONER: Give me those figures again.

MR. MORRIS: There was an issue of capital stock of 25,000 shares at \$100.00 per share. The whole capitalization then issued as paid up capital was 75,000 shares. This is the common stock I am dealing with.

Then in 1923, making allowance for the dividend on the 25,000 shares that were issued at \$100.00 a share, the dividend on the 50,000 that had been issued to the original Syndicate would amount to \$600,000.00 or two-thirds of the total dividend. That is quite plain. 1924, \$600,000.00. 1925, \$600,000.00. Then 1926 the dividend was increased and the dividend on the 50,000 shares of common stock issued to the members of the Syndicate would amount to \$750,000.00. 1927, \$750,000.00. 1928, \$750,000.00. That would be at the rate of 150% on the amount actually invested? 1. Of the two amounts.

Q. This I am giving you is two-thirds of the total dividends. I am deducting the amount for the dividend on the 25,000 shares.

MR. GEOFFRION: That is pure mathematics.

MR. MORRIS: Pure mathematics but we are going to see where they lead to. In 1928 4,500 shares were issued at \$75.00 a share. Now, we had a split of three for one that occurred in 1923 but my calculations have allowed for that. Still pure mathematics. In 1923 the dividend on the original

THE COMPANY: There are three classes of shares.
A. Shares: There are 100,000 shares of capital stock
of \$100,000 par value. The whole
capitalization of the company is \$10,000,000.
B. Shares: There are 100,000 shares of capital stock
of \$100,000 par value. The whole
capitalization of the company is \$10,000,000.

Then in 1928, when the company was reorganized,
on the 25th, shares that were issued at \$100.00 a
share, the dividend on the 25th, 1928, had been
issued to the original shareholders would amount to
\$200,000.00 or two-thirds of the total dividend. That
is, the dividend. 1928, 1929, 1930, 1931, 1932,
1933, 1934, 1935, 1936, 1937, 1938, 1939, 1940, 1941,
and the dividend on the 25th, 1941, would amount to
\$200,000.00. Then also the dividend was increased
and the dividend on the 25th, 1941, would amount to
\$200,000.00. That would be at the rate of 100% on the amount re-
cently invested. 1. Of the two amounts.
This is the dividend. 1. Of the two amounts.
Total dividend. 1. Of the two amounts.
Dividend on the 25th, 1941, 100,000 shares.

MR. GEORGE: That is pure mathematics.
The company has been reorganized and the shares
have been issued at \$100.00 par value. In 1928, 1929,
1930, 1931, 1932, 1933, 1934, 1935, 1936, 1937, 1938,
1939, 1940, 1941, the dividend on the 25th, 1941, would
amount to \$200,000.00. That would be at the rate of 100% on the amount re-
cently invested. 1. Of the two amounts.
This is the dividend. 1. Of the two amounts.
Total dividend. 1. Of the two amounts.
Dividend on the 25th, 1941, 100,000 shares.

50,000 shares would amount to \$660,000.00. 1930,
\$750,000.00. 1931, \$750,000.00. 1932, \$750,000.00.
1933, \$750,000.00. 1934, \$600,000.00. 1935,
\$750,000.00. 1936, \$750,000.00. Take in those
years ending the 31st March in the years 1930, 1931,
1932, 1933, 1934, 1935 - this company paid in dividends
on the amount originally invested in the shares that
were issued to the Syndicate, with the exception of
the year 1934, at the rate of 150% per annum?

A. I suppose your figures are correct, I don't know.

Q. And in that year of depression, 1934, when
the Company was compelled to reduce its dividend,
it paid at the rate of 120% per annum on the amount
that was invested and to take from the year 1905,
when the Company was originally incorporated, down
to the year 1936, and calculating the dividends that
have actually been paid on this common stock that
was issued to the members of the Syndicate for
\$500,000.00, the Company has paid at the rate of
96.8% per annum, and average of that for every year
of the Company's existence?

A. If your
figures are correct, I suppose they are.

Q. Well, you will agree with us that your in-
vestment in this Syndicate was a very profitable
one?

A. Certainly.

Q. And to put the figures in another way:
On the \$500,000.00 originally invested the total

amount paid in dividends from the year 1905 up to 1936 was \$14,985,000.00. That is what the sum of all these come to? A. If you say so - I

5 don't know.

Q. Well, I am just recalling these to you because I want to ask you whether or not the members of the Syndicate did not regard that the investment they made in this Syndicate was an exceedingly profitable one? A. I don't know--

Q. I say, the members of the Syndicate regarded, from the results that were shown in very short time, that their investment was an exceedingly profitable one? A. Yes.

Q. And one of the big assets of the Company was the Mills of the Dominion Cotton Company, Limited, was it not? A. I suppose all the mills.

Q. And I suppose your other members of the Syndicate realized, as you did, that amalgamated these companies would be very successful? A. That was the original idea.

Q. And the members, of the Syndicate, of course, had the entire control of the Company because the control lay in the common stock? A. No, I don't think so because a number of the members of the original Syndicate went out.

Q. Yes, I mean at the start. When the shares were allotted to the members of the Syndicate

212 January 1917

and no part in the same from the year 1913 up to
1916 was \$10,000,000. That is what the sum of
them was for 1916.

Q. Well, I am not sure if I have to say to
you that I want to say you whether or not the members
of the Synod did not receive that the investment
that made in this Synod was an exceedingly profit
able one.

A. I see, the members of the Synod did not
from the results that were made in very short time.
That is what I want to say and an exceedingly profit
able one.

Q. Well, I am not sure if I have to say to
you that the results of the Synod were very
and it was all the same.
A. And I suppose you mean members of the
Synod were realized, as you said, that they were
these companies would be very successful.

Q. Well, I am not sure if I have to say to
you that the members of the Synod, of course
and the entire control of the company because the
control lay in the common stock.

Q. Well, I am not sure if I have to say to
you that the members of the Synod, of course

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Sir Herbert Molt

they controlled all of the common stock and the common stock controlled the company? A. Yes.

Q. And the common stock always continued to control the Company - there is no doubt about that? A. Usually does.

Q. There is no doubt but those that got preferred stock had no voting rights or say in the management of the Company? A. Not unless they went into default.

Q. Not unless the preferred stock went into default, which it never did? A. No.

Q. And I believe you were elected to the Board of Directors, were you not, at the first instance? A. I believe so.

Q. When the Company started to function as a Company? A. Yes.

Q. Now, why was it that none of the shareholders who had pioneered, so to speak, in the building up of these mills and who had taken the risk through that time were not given an interest in the common stock of this new company that turned out to be so profitable? A. I don't believe that any of them wanted it at the time.

Q. You do not think they wanted it? A. No.

Q. Well, of course, there was a very stormy meeting once or twice of the Dominion Cotton Company that they indicated that they were not satisfied with the taking of their shares at 50 cents on the

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dollar? A. Yes, with the result that the privy council declared that it was a fair offer to the shareholders.

5 Q. The privy council declared they would not interfere with it any--

MR. GEOFFRION: No, I beg your pardon, the privy council said it was a fair offer.

10 MR. MORUEN: Probably the privy council is a long way from Canada.

MR. GEOFFRION: In that case we were before the privy council about a month and both sides were heard.

15 MR. MORUEN: We have got twenty years' history since then.

MR. GEOFFRION: In 1912 the proceedings lasted a month. It was not like an inquiry of this kind.

20 MR. MORUEN: We are dealing with it from a little different point of view. We are dealing with it from the rights of the public of Canada. I am not quarreling with the judgment of the privy council. However, I am not going to get into an argument.

25 MR. GEOFFRION: Paraphrase it correctly and not mis-state it.

30 MR. MORUEN: Q. Then we come down to the year 1936. I notice a statement in the directors report to the shareholders for this year which has just been issued, in which the directors state:

"On our 270,000 Common Shares, we are attempting to earn an annual dividend of \$5.00 per share."

In that 270,000 shares, Common Shares, there will be 150,000 shares that are the shares that have been exchanged for which the original shareholders' shares have been accepted. 50,000 shares issued to the syndicate, split three for one in 1923, which makes it 150,000 shares now. On that 150,000 shares your directors are attempting to earn \$5.00 per share, which would be 150% on the original amount invested. Let us see what it will be

exactly. Yes, 150%. \$750,000.00 a year would be what the directors are attempting to earn on the original investment of \$500,000.00. That is your statement as to the justification of the directors attempting, through the protection afforded by the Customs Tariff or any other nurturing laws of that character, to attempt to earn 150% on the original investment. I want to hear your explanation and statement.

A. Well, I suppose your figures in the first place are correct.

Q. Well, we will make sure of that? A. I am taking them for granted they are.

Q. I think I heard Mr. Geoffrion say my mathematics are right. I want to hear Sir Herbert's explanation as to the justification for attempting

"A 100,000 share, we are

attempting to earn an annual dividend of

10.00 per share."

In that 100,000 shares, common shares, there will be

100,000 shares that are the shares that have been

exchanged for which the original shareholders

shares have been converted. 10,000 shares issued

to the public, split three for one in 1925, which

makes it 100,000 shares now. In that 100,000

shares your directors are attempting to earn 10.00

per share, which would be 1,000,000 on the original

amount invested. But we see what it will be

exactly. Yes, 100,000, 100,000.00 a year would be

what the directors are attempting to earn on the

original investment of 100,000.00. That is your

statement as to the justification of the directors

attempting, then, the protection afforded by the

Ontario Toffit or by other securities laws of that

character, to attempt to earn 100 on the original

investment. I want to hear your explanation and

statement.

Times in the first place are correct.

Well, we will make sure of that. I am

hoping that the stated they are.

Well, I think I have got the point.

Well, that is right. I want to hear the report's

explanation as to the justification for attempting

to earn \$750,000.00 on stock for which the original investment was \$500,000.00? A. Can I

answer in my own way?

5

Q. Yes, absolutely?

A. I think the

directors - their statement is quite correct. It is the result of 31 years management and for the original risk that was taken by the Syndicate in putting up the \$1,000,000.00, I think it is quite right that they should be remunerated.

10

Q. At that rate?

A. Certainly.

Q. And you say on account of the management?

A. Yes.

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Q. And the original risk?

A. Yes.

Q. You must admit it was also owing to at least some customs tariff, don't you? You would admit that a customs tariff enabled you to do this?

A. Partially.

20

Q. And that probably the Customs Tariff was much more important than the management?

A. Certainly not.

25

Q. I am glad to hear you say that. Then you agree with me that the management of a company is more important than the protection that it gets?

A. A business like that in this country must have protection or the mills would be all shut up today.

30

Q. That is a general statement - it is not an answer to my question. I said, in the building up of the wealth of this country was not a Customs

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Tariff a more important matter than the management.

You said, no, that the management was more important than the Customs Tariff?

A. Well, I did not mean it in that way.

Q. You want to change that? I just want your views because you have been in it for a long time and I want the Commission to have the benefit of your views?

A. In the first place the mills would be all closed up if they did not have protection and that the protection they get and the good management shows the results.

Q. But you contend that there should be sufficient protection to enable them to continue to pay 150% on the amount of capital that was originally invested in this common stock that was issued to the Syndicate?

A. I cannot see that the original investment has anything to do with it at all.

Q. You think it has nothing to do with it whatever?

A. No.

Q. Your view is that you can put as much water into the capital stock of a company as you like and still the company should be made to pay dividends on them?

MR. CHURCHILL: This is anticipating the argument, my Lord.

MR. McHUGH: I want Sir Herbert's views because it is the last time I will have an opportunity of

Q. I am more important matter than the management.

A. Yes, no, but the management was more important

Q. Well, I did

not mean it in that way.

Q. You want to change that. I just want your

views on the matter have been in it for a long time

Q. I am not sure whether to have the benefit of

your views.

A. It would be all closed up if they did not have

protection and that has protection that was not

and more, not more the results.

Q. But you cannot say that there should be but-

the best protection to enable them to continue to

say 150 on the amount of capital that was not really

invested in this person's stock that was taken to

the system.

A. I cannot say that the

original investment has anything to do with it at

all.

Q. You think it has nothing to do with it

whatever.

A. No.

Q. Your view is that you are not a member

where have the capital been of a company for 100

line and still the company should be able to pay

dividends on them?

A. Yes.

Q. I am not sure whether to have the benefit of

your views.

getting it. He is a very experienced gentleman.

MR. CHAPMAN: We will have to have that all over again.

5 MR. MORUER: Yes, but I will never have another opportunity of getting Sir Herbert's views.

Q. Is that your contention - it does not make much difference how much water there is in the capital stock of the Company, still it must have protection so that it can--

10 MR. HEWARD: You are assuming it has water in the stock.

MR. MORUER: I will call it water.

15 MR. HEWARD: Assuming it is water - you have not proved it.

MR. MORUER: That is argument. I thought Sir Herbert and I got very well along on that.

20 THE WITNESS: I did not say there was any water. I tried to explain to you I did not consider there was any water in it.

Q. Will you tell me why you do not consider that \$4,500,000.00 is not water? A. That has nothing to do with it at all. It has been the management of the Company that has put them in the position to do that.

25 Q. Yes, but I say in the original instance when there was \$3,000,000.00 worth of stock issued for \$500,000.00, we have no dispute about that. In the original instance the \$5,000,000.00 common

Q. Now, you say that the water is not good for drinking?

A. Yes, sir, it is not good for drinking.

Q. Is that your contention - it does not make any difference how much water there is in it?

A. Yes, sir, still it must have capital stock of the company, still it must have protection so that it can--

Q. Now, you are assuming it has water in it, is that right?

A. Yes, sir, I will say it has water.

Q. Now, you are assuming it is water - you have not proved it.

A. Yes, sir, that is my contention. I thought it was a very well known fact.

Q. Now, you say that you did not say the water was not good for drinking?

A. Yes, sir, I did not say that. I tried to explain to you I did not consider there was any water in it.

Q. Will you tell me why you do not consider that \$4,500,000.00 is not water?

A. That has nothing to do with it at all. It has been the management of the company that has put them in the position to do that.

Q. Yes, but I say it is the original intention and there was \$5,000,000.00 worth of stock issued and \$500,000.00 of it was to be paid for the stock.

stock was issued for \$500,000.00? A. Certainly.

Q. Then why do you suggest that \$4,500,000.00 of that issue of that \$5,000,000.00 was not water at that time?

A. It was not water, it was made good by the management of the Company.

Q. To be made good later on by the management of the Company?

A. Certainly.

Q. What do you mean by that?

A. Well, I mean if the Company was not well managed the original investors in the Dynalene would have lost all their money.

Q. Yes, probably no doubt about that, but I am still getting back to what was issued in return for \$500,000.00 and which--

MR. GEOFFRION: Well,--

MR. MORUEK: Now, outside of those dividends that have been paid on this common stock amounting to \$11,000,000.00 odd, see by the Annual Report of 1936 they have a balance to the credit of Profit and Loss Account of \$5,395,422.74 - that is correct, is not it?

A. Yes.

Q. And I see that in the Balance Sheet under the Assets they have Marketable Securities, which is included in that figure, of course and in addition to it, but I just want to point out now their balance in Surplus Account is maintained - they have Marketable Securities, less Reserve at the market value of \$3,163,693.50 or, less the Reserve taken off

in the Balance Sheet at \$3,043,225.22.

MR. GORDON: The other figure is the market value.

5 MR. McRUER: Yes, and then this later figure I take it is less Reserve.

MR. GEOFFRION: Cost added to it, has nothing to do with market value.

THE COMMISSIONER: What page is this?

10 MR. McRUER: It is in the centre of the book about. It is in the Balance Sheet under the heading - Marketable Securities less Reserve is in at \$3,043,225.22. Mr. Geoffrion says that the figure
15 of \$3,043,225.22 is the cost less the Reserve. The part in brackets shows they are the market value today. Then I just point out to your Lordship that we read a minute on Saturday where a million dollars had been written off investment to the Reserve
20 Account, so that it does not show what the Reserve Account for investments stand at. There has been a million dollars written off it at any rate.

MR. GORDON: That million dollars was written
25 off in 1933 and 1934. There may have been other changes since in that Reserve.

MR. McRUER: I am just pointing out the position
of the Investment Account, where no doubt some of the surpluses are, and then in addition to that this
30 Company has at the present time fixed assets amounting to \$28,609,260.23. I take it that these fixed assets

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Sir Herbert Holt

were valued in a modest way for the purpose of the Balance Sheet.

Q. You are always conservative in these matters? A. Yes, I suppose so.

Q. And against that there appears to be a Bond issue of \$4,457,000.00, so that there is a pretty handsome equity in the Company now? A. Yes.

Q. Have you ever figured up what the book value of those shares are now? A. I have not.

MR. GROFFRION: Do you know the market value?

MR. MORGER: You start talking about market values, we will go back. My friend Mr.

Beauregard has just drawn my attention to this:

In the Balance Sheet the capital is shown at

270,000 shares and the value shown in the Balance Sheet for those 270,000 shares is \$18,375,000.00.

So if we carry our mathematics to a conclusion the value, as per Balance Sheet, of the 150,000 shares, which correspond to the original issue of

\$5,000,000.00 common shares to the members of the Syndicate will be 15/27 of \$18,375,000.00. I make it in round figures \$10,100,000.00. For the purpose of getting the figures we will take it at

\$10,000,000.00, so that the original investment, after paying dividends amounting to \$14,985,000.00, the original investment on 1500,000.00 seems to stand on the books of the Company at that valuation of \$10,000,000.00? A. If your figures are correct.

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we are in a position to do so

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-- On resuming after recess.

BY MR. McRUER: Q. Sir Herbert, did you retain the shares that you got as a subscriber to the syndicate?

MR. GEOFFRION: Is that very material?

THE COMMISSIONER: Share or shares?

MR. McRUER: The shares that he got as a subscriber.

THE WITNESS: I think -- I will look that up.

BY MR. GEOFFRION: Q. What is the answer?

A. I have approximately 5,000 shares in the Dominion Textiles.

BY MR. McRUER: Q. You have approximately 5,000 shares now?

A. Yes.

Q. So that would just be about one-third of what you would have had had you retained your original--

MR. GEOFFRION: No, no.

THE COMMISSIONER: Had \$100,000 to begin with.

MR. McRUER: He got one-tenth.

THE WITNESS: I got 5,000 shares.

MR. McRUER: My mathematics are right again.

MR. GEOFFRION: They are.

MR. McRUER: I am almost infallible, I am afraid.

MR. GEOFFRION: It is a redeeming virtue.

MR. McRUER: So that it would be approximately one-third of what you would have had had you retained your whole 5,000 and took the split when it came along. Well, might I ask, how did you dispose

of these, from time to time or all at one time?

A. I cannot tell you; I suppose I disposed of them from time to time.

Q. Now, Mr. HANCOCK, you are going to be a shareholder in the company?

A. Yes, I am. I am a shareholder in the company.

Q. Now, Mr. HANCOCK, you are going to be a shareholder in the company?

A. Yes, I am. I am a shareholder in the company.

Q. Now, Mr. HANCOCK, you are going to be a shareholder in the company?

A. Yes, I am. I am a shareholder in the company.

Q. Now, Mr. HANCOCK, you are going to be a shareholder in the company?

A. Yes, I am. I am a shareholder in the company.

Q. Now, Mr. HANCOCK, you are going to be a shareholder in the company?

A. Yes, I am. I am a shareholder in the company.

Q. You had disposed of some of them, I presume,
before the split of three for one? A. Oh, I think
so, I don't know.

Q. Do you know to what extent the original members
of the syndicate or their estates are still substantial
shareholders of the Dominion Textiles? A. I don't
know. Oh, in addition to that, with respect to these
shares, I gave to my family years ago, I don't know
whether they hold them or not now. My recollection
is that I don't think I ever sold a share of it.

Q. You don't think you ever sold any but you
distributed the remainder among your family? A. That
is what I believe.

Q. I am sorry I did not belong to your family.
A. Fortunately I distributed them before the income
tax came.

Q. The rate of dividend on the preferred stock
has always been 7%? A. Yes.

Q. It was changed at one time from non-cumulative
stock to cumulative at the recapitalization but the
rate of interest was never changed?

MR. GEOFFRION: He is answering without reference
to the books.

THE WITNESS: Yes.

MR. McNEER: The amount of the preferred stock was
always at 20,000, was it not?

MR. BLAIR GORDON: It is under 20,000, 19,000
shares, \$100 par value.

MR. GEOFFRION: Issued 19,406.

MR. McNEER: Yes, 19,400. So that to get the

Mr. Robert H. H.

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Q. You had discussed at some of them, I presume, before the sale of these two cars?

A. Yes, I had.

Q. Now, you know to what extent the original members of the committee or their estates are still interested in the sale of the cars?

A. I don't know.

Q. In addition to that, with respect to these shares, I gave to my family, I am sure, I don't know whether they hold them or not now.

A. Yes, I do.

Q. Now, I don't think I ever sold a share of it.

A. Now, don't think you ever sold any and you distributed the money among your family?

A. Yes.

Q. Now, I believe.

A. I am sorry I did not belong to your family.

A. However, I distributed them before the income.

Q. The rate of interest on the preferred stock has always been 7%?

A. Yes.

Q. It was changed at one time from non-cumulative stock to cumulative at the reorganization but the rate of interest was never changed?

A. Yes.

Q. Now, Mr. H. H. is answering without reference to the shares?

A. Yes.

Q. Now, Mr. H. H. the amount of the preferred stock is \$20,000, is it not?

A. Yes, it is.

Q. Now, Mr. H. H. is it under \$20,000, is it not?

A. Yes, it is.

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dividend record complete there was always paid annually 7% on \$1,940,600 in addition to the dividends paid on the common stock? A. Yes.

Q. Then, of course, the bond interest varied from time to time; you had different issues at different rates? A. Different rates.

Q. At the present time I think your rate is 4½%? A. 4½%.

Q. Now, Sir Herbert, I would like to have your view on this. Knowing the record of this company since its inception and its success what is your view on the policy of closing a mill and putting the employees, 400 or 500, whatever there were, immediately out of employment, whenever a little scare should get up as got up last January on the Japanese competition? A. I think the management, the direct management, can answer that better than I can. My understanding is that orders were dropping off. There was not sufficient to keep the mill running.

Q. Assuming that orders were dropping off owing to some other competition, what is your view with the record of this company as to the obligation or duty, as we may put it, to keep the mill running if there is a temporary reverse? A. As a matter of

management I will give you my experience in it with another company. If you keep running and piling up your stock it may go out of fashion and ~~be~~ it becomes seconds instead of firsts, and you are losing on your stock, losing on the amount as you are piling up. That is one of the great problems of old textile mills.

6033 Sir Herbert Holt,

Q. Now, I want to get your views on this. I am reading from the Order-In-Council.

"The Minister observes that the sudden cessation of operations in industrial establishments, especially in the winter season, at a time of widespread unemployment, cannot fail to render more acute the distress and suffering of wage earners and their dependents, and also places upon municipalities and governments additional and unexpected financial burdens for relief.

He is further of the opinion that industry generally and especially an industry which has had for years the benefit of the protection afforded by the customs tariff, should recognize its responsibility to carry on operations with due regard to its obligations to employees and to the public, and not to arbitrarily shut down its plants."

Now, I would like to have your view as to what you recognize as your duties to the employees and to the public when a period of depression arises?

A. I think with these times with unemployment that old companies should try to keep their employees employed but you can only do that for a limited time especially in the textile business because, as I said before, you are manufacturing goods you will probably have to sell at a loss.

Q. Of course, you might not be able to make that \$5.00 a share on the capital stock? A. Well.

Now, I want to get your view on this. I am
reading from the 1927-1928 report.
"The study of experience that the rubber companies
have made in the past season, as a result of
disasterous unemployment, cannot fail to reveal
more acute the business and suffering of some
regions and their dependence, and also places
upon municipalities and governments additional
and unexpected financial burdens for relief.
It is further of the opinion that industry
generally and especially the industry which has
not been the subject of the investigation
attained by the rubber crisis, should recognize
its responsibility to carry on operations with
one regard to the obligations to employees and
to the public, and not to profitability alone."
Now, I would like to have your view on it and your
recognition as your duties to the employees and to the
public in a period of depression.
I think with these times with unemployment that
we should try to keep their employees employed
but you can only do that for a limited time especially
in the textile business because, as I said before,
you are manufacturing goods you will probably have
a sell-off loss.
Of course, you might not be able to sell the
1928-29 on the capital stock.

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we don't agree as to that.

Q. Well, we agree about the \$5.00 a share?

A. Yes.

Q. And your view then is that if carrying on, we will say keeping the Sherbrooke plant open, had interfered with the payment of the \$5.00 a share on the common stock then you were in favour of closing the Sherbrooke plant?

A. No.

Q. In order to maintain the \$5.00 a share on the common stock?

A. No. In fact,

I don't think, if you read over this statement, that the company earned \$5.00 a share.

Q. I am saying whether it did or not, I am saying the ultimate result would be to interfere with the payment of the \$5.00 a share on the common stock and as between that and the \$5.00 a share would you be in favour of closing the Sherbrooke plant?

A. I don't think the management ever thought of closing it on that account.

Q. You don't think they ever thought of closing it on that account; was the matter of the closing of the Sherbrooke plant brought before the directors at all?

A. I was not in the country at the time.

Q. Pardon?

A. I was out of the country at the time.

Q. I haven't been able to find any reference to it. I haven't got the 1936 directors book. Will you get that for me?

MR. BLAIR GORDON: Yes.

we don't agree as to that.

Q. Well, we agree about the \$5.00 a share?

A. Yes.

Q. And your view then is that it was going on,

we will say keeping the share price open, had

interfered with the payment of the \$5.00 a share on

the common stock then you were in favour of closing.

Q. No. the share price?

A. In order to maintain the \$5.00 a share on

the common stock?

Q. Yes, I think so.

the company earned \$5.00 a share.

Q. I am asking whether it was or not, I am asking

the company would be in favour of it?

Q. Yes, I think so.

Q. Yes, I think so.

Q. Yes, I think so.

Q. Yes, I think so.

Q. Yes, I think so.

Q. Yes, I think so.

Q. Yes, I think so.

Q. Yes, I think so.

Q. Yes, I think so.

Q. Yes, I think so.

Q. Yes, I think so.

Q. Yes, I think so.

Q. Yes, I think so.

Q. Yes, I think so.

Q. Yes, I think so.

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Sir Herbert Holt,

BY MR. McRUER: Q. When did you come back to the country? A. I came back -- it was the end of April.

Q. So that you would not have much knowledge about that? A. No.

Q. Well, we can probably question Mr. Gordon about that. Now, can you tell me since the Dominion Textiles was organized how many mills have closed up of their own accord that were operating mills at the time that the company was organized? A. I think Mr. Gordon can give that information better than I can.

Q. You did close a mill at Windsor, no doubt about that? A. Oh, these mills -- that was part of the trouble, these mills should never have been built there.

Q. Whether they should have^{been} built there or not, I am dealing with closing mills and one of the objects in closing mills was so that you would make dividends on the common stock? A. No such thing.

Q. It was so that you could carry on? A. It was to prevent the company going into bankruptcy. We had them scattered all over the country.

Q. I don't think there was much evidence of bankruptcy with the Dominion Cottons according to what we read? A. Because as I said before the management rectified that.

MR. CHOFFIN: This is argument with the witness.

BY MR. McRUER: Q. But Dominion Cottons had paid dividends for years and years at a very handsome rate? A. Before.

Q. Yes, and I think the last year transferred \$150,000 to surplus account? A. They didn't pay dividends the last year.

Q. They skipped for a year or two and I am suspicious enough to be suspicious of the reason why.

MR. GLOFFLICH: It was a two-sided issue there.

MR. MCIVER: I will go into that.

Q. In the practical thing of closing mills, the Windsor mill was closed? A. Yes.

Q. The Kingston mill was closed? A. Yes.
and the Moncton mill was closed.

Q. The Moncton mill was closed; how many people did the closing of these mills throw out of employment?

A. I don't know.

Q. Were there other mills in large centres that you remember? A. NO.

Q. There was a print works closed, was there not?

A. Where?

Q. And machinery taken out, the print works of the Canadian Cottons? A. The Canadian Cottons has nothing to do with this.

Q. Not the Canadian Cottons, I mean the Dominion Cottons; didn't they carry on and use the plant of the Colonial Bleachery? A. No.

Q. They closed that up? A. They partially closed it up. They moved the machinery elsewhere.

Q. To Magog? A. Yes, to Magog.

Q. So that this plant that you brought into the merger was ultimately closed? A. It is not closed.

Q. Now, the 1st of June, 1900, was the date of the meeting?

A. Yes, sir.

Q. And the 1st of June, 1900, was the date of the meeting?

A. Yes, sir.

Q. And the 1st of June, 1900, was the date of the meeting?

A. Yes, sir.

Q. And the 1st of June, 1900, was the date of the meeting?

A. Yes, sir.

Q. And the 1st of June, 1900, was the date of the meeting?

A. Yes, sir.

Q. And the 1st of June, 1900, was the date of the meeting?

A. Yes, sir.

Q. And the 1st of June, 1900, was the date of the meeting?

A. Yes, sir.

Q. And the 1st of June, 1900, was the date of the meeting?

A. Yes, sir.

Q. And the 1st of June, 1900, was the date of the meeting?

A. Yes, sir.

Q. And the 1st of June, 1900, was the date of the meeting?

A. Yes, sir.

Q. And the 1st of June, 1900, was the date of the meeting?

A. Yes, sir.

Q. And the 1st of June, 1900, was the date of the meeting?

A. Yes, sir.

Q. And the 1st of June, 1900, was the date of the meeting?

A. Yes, sir.

Q. And the 1st of June, 1900, was the date of the meeting?

A. Yes, sir.

Q. And the 1st of June, 1900, was the date of the meeting?

A. Yes, sir.

Q. And the 1st of June, 1900, was the date of the meeting?

Q. What was done with it, changed it into a weaving plant? A. No, it was changed into a bleachery.

Q. Took out the printing machine? A. Yes.

MR. GEOFFRIAN: Mr. Gordon can give that evidence better.

MR. McRURER: I know but still I like to hear different witnesses and get different views.

MR. GEOFFRIAN: You are liable to find something.

BY MR. McRURER: Q. Mr. Gordon suggests the Halifax mill was wrecked in an explosion and I presume never re-opened? A. Yes, but it would have had to be closed anyhow.

Q. Yes. In your experience as a director of the company had you ever known any mill to be just closed up on a moment's notice without bringing it before the directors? A. Not to my knowledge.

Q. Now, I want the Dominion Textile book for the year 1922.

MR. BLAIR GORDON: I have sent over for it -- oh, 1922 is here.

MR. McRURER: This is the book. This book contains the report of a shareholders' meeting held on the 29th of May, 1922.

THE COMMISSIONER: What year?

MR. McRURER: 1922, my lord. You are stated as being present, Sir Herbert Holt, vice president in the chair, and there are remarks of the chairman in this. The chairman then stated, page five --

"The only other thing I would like to refer to is

... it was done with it, changed it into a

A. No, it was over on 1

a discovery.

... look at the printing records

... Mr. Gordon said that the investigation

Mr. Gordon: I know but still I like to hear

different witnesses and not different views.

... Mr. Gordon: You are liable to find something

... Mr. Gordon: I Mr. Gordon suggests the will

... I am sure to be satisfied and I presume have

... Yes, but it would have

... had to be shown somehow.

... In your experience as a director of

the company has you ever known any bill to be just

closed up as a company's matter without bringing it

before the directors?

A. Not to my knowledge.

... I want the Committee to look into

the year 1922.

Mr. Gordon: I have sent over for it -- oh,

1922 is late.

Mr. Gordon: This is the book. This book contains

the report of a shareholders' meeting held on the 22nd

of May, 1922.

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6038

Sir Herbert Holt

"the matter of the tariff, which you know has just been brought down by the Finance Minister. During 1914, under the British Preferential Tariff of 16% on Greys and 17½% on White Cottons, we were unable to meet the competition from Great Britain, and, although we had the facilities and were running our plants on short time, there were imported during the year ended March 31st, 1914, nearly 24,000,000 yards of Grey Cottons and more than 30,000,000 yards of White Cottons." Now, with these importations in 1914 you were still able to do extremely well and make very handsome profits with that competition existing from abroad, or from Great Britain. Then you go on to say --

"Under the present tariff of 12½% on Greys and 15% on White Cottons, with exchange at \$4.49, and allowing for the import and sales taxes, and, taking into consideration the tax which we pay on raw cotton and supplies purchased, of necessity, outside the country, our margin is reduced to 2.82% on Grey Cottons and 5.28% on White Cottons, less whatever American exchange we have to pay on cotton and other purchases made in the United States.

It must be also borne in mind that our price must, at all times, be lower than the lowest price that can be found in Lancashire, so that some portion of our protection has to be eliminated in the price.

"The market of the territory, which you know has been
 been brought down by the financial situation. In
 1914, when the British Protectorate of
 1915 on the 1st of July on this cotton, we were
 unable to meet the competition from other
 and, although we had the facilities and were
 running our plants on short time, there was
 imposed during the year ended March 31st, 1915,
 nearly 24,000,000 yards of grey cotton and
 more than 20,000,000 yards of white cotton."
 Now, with these figures in mind you were still
 able to do extremely well and have very handsome
 profits. This was due to the fact that the
 in this great business. Then you go on to say --
 "Under the present tariff of 10¢ on grey and
 15¢ on white cotton, with exchange at 30.40,
 and allowing for the tariff and sales taxes,
 and other charges, the net return on the
 grey on the cotton was a profit of 10¢ per yard, of
 necessity, outside the tax liability, but was in 1915
 reduced to 2.88¢ on grey cotton and 2.50¢ on
 white cotton. I am, however, anxious to point out
 we have to pay on cotton and that the
 made in the United States.
 It must be also borne in mind that our
 price must, at all times, be lower than the
 lowest price that can be found in the
 so that some portion of our production has
 be eliminated in the price."

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Sir Herbert Holt

"Wages in Canadian Mills are, on the average, 60% higher than those in Great Britain, and yet they are but what may be considered reasonable in this country, compared with wages paid in other industries."

Now, the point I want to point out to you and get your comments on it is that in this speech you were pointing out at this time that you were carrying on under a protection which actually amounted to 2.82% on grey cottons and 5.28% on white cottons. So that if what you say is true here you were able to go on and make still very handsome profits when your protection only amounted to 2.82% on greys and 5.28% on whites? A. What year is that for?

Q. This is May, the meeting is held on the 29th of May, 1922 and you made this speech? A. Well, the profits may have been made before or may have been made on cotton.

A. Well, for years afterwards you went on making very handsome profits and as well during this time you went on to increase your dividends on this common stock. This is just the very time that your dividends on the common stock went up when your shares were split three for one, and your protection was apparently 2.82% according to your own statement on greys and 5.28% on whites? A. That is the

statement of the managing director, not my statement. He furnishes the data.

Q. Of course, we have got it here, "the Chairman then stated"; it is not the director's report I am

...the point I want to bring out is that the
your comments on it is that in the present
pointing out at this time that you will be
under a protection which will be maintained to 1965
on any persons and 1965 on while persons.
that is what you say to me here and this is
on and make still very handsome within mean, but
protection only amounted to 1965 on persons and 1965
on persons. ... That year is 1965.
... This is my, the meeting is held on the 1965
of my, 1965 and you made this statement?
the police may have been made before or after, but
made in 1965.
... Well, for your information, I will tell
that very handsome protection and as well as this
time you want to be informed that this is a
person. This is just the way this year
... for your information, I will tell you
that this is for one, and your protection was
... 1965 according to your own statement.
... 1965 on persons?
... of the meeting, but no protection.
... persons the same.
... of persons, but it is not the same as 1965.

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reading from, you know -- A. Well, that is prepared by the managing director.

5 The director's report is prepared by the managing director and the chairman's statement as well? A. Yes.

Q. Who was the managing director at that time, Mr. Daniels? A. Mr. Daniels.

Q. I would take it what he would say would be truthful? A. I would imagine so.

10 Q. Have you any observations you wish to make as to my comment that at this time you apparently were able to go on and make very handsome profits with a protection of 2.82% on grey cottons and 3.28% on whites? A. Well, the only comment I can make on it, the management is cleverer than the other people.

15 THE COMMISSIONER: Can you tell me now what the present day protection is on these two?

MR. McRUER: On the greys and whites,--

20 THE COMMISSIONER: If you can tell me I would like to have it.

MR. McRUER: According to exhibit number 133 the protection that has prevailed since 1932 is 17½¢ and 2¢ a pound from Great Britain.

25 THE COMMISSIONER: On what?

MR. McRUER: On Greys.

MR. BALLANTYNE: What is that again?

MR. McRUER: 17½¢ and 2¢ a pound specific. On bleached 20% and 2¢ per pound.

30 MR. BALLANTYNE: Is this British?

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61: HARRY E. HALL

Testing from the same --

prepared by the same director.

The director's report is prepared by the

same director and the director's testimony on

will be --

The same the same director in that time.

Mr. Director:

I would like to know if that be true or not.

I would like to know.

Have you any observations you wish to make

as to the content of this time you mentioned?

There is no on and make very positive provide

with a protection of a. But on that account and a. But

a. But, the only comment I can

on which?

made in it, the movement is slower than the a. But

people.

The director's report: The report will be now that the

present day protection is of that type?

Mr. Director: On the other side, which --

THE COMMISSIONER: If you can tell me I would like

to have it.

Mr. Director: According to exhibit number 122

the protection that has provided since 1900 is 175

and is a very good one.

THE COMMISSIONER: On that?

Mr. Director: On that.

Mr. Director: That is that which

the same 175 and is a very good one.

the same 175 and is a very good one.

the same 175 and is a very good one.

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MR. MORUER: This is British.

THE COMMISSIONER: That has been changed since, though.

MR. MORUER: There has been some change in that since.

5 THE COMMISSIONER: Has not the specific duty been removed?

MR. MORUER: The specific duty, I think, was removed. I am having Mr. Hooper prepare an additional memorandum that brings all these things down to date.

10 THE COMMISSIONER: I wanted to see what the present situation was compared to what it was in 1922.

MR. BLAIR GORDON: The exchange was \$4.49 that particular year.

15 MR. MORUER: I know, but I am working on the basis of what they say they worked at that time.

MR. BLAIR GORDON: The exchange may not have stayed at \$4.49.

MR. MORUER: If it went up, alright.

20 MR. GLOFFAINE: Sir Herbert Holt does not know about that.

MR. MORUER: Now, Sir Herbert, I promised to let you away at 12 o'clock and I will have to keep my promise.

THE COMMISSIONER: Are you through with Sir Herbert?

25 MR. MORUER: I think I am unless I have to send for him for something. Do you want him back?

MR. GLOFFAINE: No.

THE COMMISSIONER: Thank you, Sir Herbert.

30 MR. MORUER: Thank you, Sir Herbert. I had told Mr. Dawson that I would not need him this morning and if it is convenient to adjourn until two o'clock I would

like to. There are some more records I want to go through in the mean time.

THE COMMISSIONER: Yes, we will adjourn until two o'clock, then.

5 -- The Commission adjourned at 12 o'clock noon, Monday, June 8, 1936 to resume at 2 p.m. Monday, June 8th, 1936.

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AFTERNOON SESSION

-- The Commission resumed at 2 P.M.

MR. McNUER: I will call Mr. Dawson.

5 ARTHUR OSBORNE DAWSON, sworn,

EXAMINED BY MR. McNUER:

Q. Mr. Dawson, you are one of the officers of Canadian Cottons Limited? A. Yes, sir.

THE COMMISSIONER: A director?

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MR. McNUER: One of the officers, my lord.

Q. What office do you hold, Mr. Dawson? A. President.

Q. You are President? A. Yes.

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THE COMMISSIONER: Of which company, Mr. McNUER?

MR. McNUER: Canadian Cottons Limited, my lord.

Q. How long have you been president of Canadian Cottons Limited? A. For I think about 8 years. I won't be absolutely sure of that.

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Q. And, prior to that, were you connected with the Company? A. Yes.

Q. In what capacity? A. I was a director for a number of years, and then vice-president, and finally president on the death of C.A. Hosmer.

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Q. Mr. Hosmer had been president prior to that date? A. Yes, for a number of years.

Q. Canadian Cottons Limited was incorporated when?

A. In 1910, I think. When I came into the company, I was associated with the Company for many years in the selling department and knew something of its

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General also received at 2 P.M.

Mr. [Name] [Address] [City] [State] [Zip]

Dear Mr. [Name]:

Thank you for your letter of [Date] regarding [Subject].

Canadian [Company Name] Limited?

The [Company Name] is a [Type] company.

Mr. [Name] is one of the officers of [Company Name].

That office is in [City], [State], [Zip].

Yes, [Name] is [Relationship].

Mr. [Name] is [Relationship] of [Company Name].

Mr. [Name] is [Relationship] of [Company Name].

Mr. [Name] has been [Action] of [Company Name].

I don't be absolutely sure of that.

Mr. [Name] is [Relationship] of [Company Name].

Yes, [Name] is [Relationship].

Mr. [Name] is [Relationship] of [Company Name].

Mr. [Name] is [Relationship] of [Company Name].

Mr. [Name] is [Relationship] of [Company Name].

Mr. [Name] has been [Action] of [Company Name].

Yes, for a number of years.

Mr. [Name] is [Relationship] of [Company Name].

Mr. [Name] is [Relationship] of [Company Name].

Mr. [Name] is [Relationship] of [Company Name].

Mr. [Name] is [Relationship] of [Company Name].

operations but not of the financial end of the business at all; and, in 1910, I was asked to come in and take an interest in the company as a whole, which I did and I went back to England in 1910 and disposed of some of the bonds at the time of the reorganization. That is where I came into the picture for the first time.

Q. I have been furnished with a typewritten statement that appears to be "a statement furnished for prospectus offering bonds in London"? A. Yes, that was the time.

Q. It is dated January, 1911? A. Yes, that is right.

Q. You produce that from the records of your company? A. Yes; this was information given to the people in London who made a purchase of the bonds.

Q. Yes? A. That was the basis of the purchase, and then later there was another issue made here.

THE COMMISSIONER: You are saying that in, are you, Mr. McRuer?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: That will be Exhibit 338. What is it?

MR. McRUER: It is headed "Statement furnished for prospectus offering bonds in London."

EXHIBIT 338: Statement furnished for Prospectus offering bonds in London.

THE COMMISSIONER: "Statement furnished for prospectus

operations but not of the financial end of the
 business of life and, in fact, I was asked to come in
 and take an interest in the company as a whole, which
 I did and I went back to England in 1910 and disposed
 of some of the assets at the time of the reorganization.
 That is where I came into the picture for the first
 time.

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I have been furnished with a typewritten
 statement that appears to be an accurate statement
 of the financial affairs of the company in 1910.
 That was the same.

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It is dated January, 1911?
 is that.

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You received that from the records of your
 company? Yes; this was information given
 to me; people in London who were a partner of the
 company.

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Yes; I have been furnished with a typewritten
 statement that appears to be an accurate statement
 of the financial affairs of the company in 1910.
 That was the same.

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Mr. Nathan: Yes, my lord.
 The statement is: That will be available to
 the public.

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Yes, my lord.
 The statement is: That will be available to
 the public.

MR. McRUER: That is what it says, my lord, "Statement furnished for prospectus, offering bonds in London".

THE COMMISSIONER: I think you were trying to find out when this company was organized?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: I have not got that yet.

MR. McRUER: I have not either, my lord. Mr. Dawson said in 1910. That is not quite consistent with the statement in this document.

THE WITNESS: I think it was in January, 1911, that the prospectus was issued, but, if I recall it, I went over to London in 1910 to discuss the matter with the people over there, and finally took the bonds, or part of them. This was issued in 1911. Part of the bonds were sold then and part, I think, in 1912.

MR. McRUER: The first paragraph which is headed, "History" states:

"1. The Company was incorporated by Letters Patent of the Dominion of Canada, in the year 1892, under the name of the Canadian Coloured Cotton Mills Company Limited, with a capital of \$2,700,000 in Common Stock, and \$2,000,000 in 6% first mortgage debentures, to consolidate several of the mills in Canada at that time manufacturing what is termed "Yarn-dyed Piece Goods."

Then the next paragraph:

"The issued capital of the Canadian Coloured Cotton Mills Company was formerly \$2,700,000

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Dawson

Common Stock, and \$2,000,000 Six Per cent. Bonds.

The name of the Company was changed in August last to 'Canadian Cottons Limited', and at the same time, in order to provide for the acquisition of the new properties hereinafter referred to, the capitalization of the company was altered, and is now shown as hereunder."

Probably I had just read a few more paragraphs about the capitalization before I ask Mr. Dawson any questions.

"3. At the time of the re-organization the shareholders of the Company subscribed for \$1,000,000 Preferred Stock at par, which has all been paid in cash, thus enhancing the value of the bonds, and providing the company with ample working capital.

"4. The Company owns five mills, fully equipped and in operation - one situated at Hamilton, Ontario; three at Cornwall, Ontario; one at Milltown, New Brunswick. During the last ten years \$884,000 has been spent on new machinery at these mills.

5. In addition, the Company has acquired the recently completed properties of the Mount Royal Spinning Company, Limited, located in St. Paul, a suburb of Montreal. The preparatory and spinning machinery was installed by Platt Bros., of Oldham, and a modern bleachery and print works is annexed to the mill, bonds of the company being given in part payment for these properties.

[illegible]

6. The Company has also recently acquired the Gibson Cotton Mills, situated at Marysville, New Brunswick, bonds being given in payment.

7. The buildings, at all the Mills are wholly of brick with stone foundations, and are of the most approved construction. The properties are also fully covered by insurance, and are in an excellent state of repair.

8. The Mill year, ending 31st March, 1910, was one of some difficulty for Cotton Manufacturers owing to the unfavourable situation with respect to raw cotton, but the Company, after deducting \$74,172 for repairs and betterments, paid Bond Interest amounting to \$111,000, Dividends at the rate of 4 per cent. on \$2,700,000 Capital, and carried forward a balance of \$39,000. Business for the year in which we are now working promises to show a considerably larger profit. Owing to the large expansion in Canadian Trade, and the demand for the Company's products, the Company will find a ready market for its total output.

9. The orders on the books at the moment amount to \$1,300,000, and the Equipment and Organization both in the Production and Sales Departments, give the Company effective control of the business in all its branches.

10. The accounts of the Canadian Colored Cotton Mills Co. Limited, which have been audited

6. The Company has also recently acquired

for bonds being given in payment.

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• The orders on the books at the time

has acquired and has, 100,000,000 of income

(Faint mirrored bleed-through from reverse side)

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Dawson

by Mr. A.W. Plimsoll, F.C.A., Canada, show the operating results of the Company for the last six years.

11. The table below gives the following information extracted by the Auditor from the Company's Books.

| | | |
|---------------------|-------|----------------|
| <u>Gross Sales,</u> | 1905, | \$2,253,464.00 |
| | 1906, | 2,896,554.00 |
| | 1907, | 3,172,841.00 |
| | 1908, | 2,967,338.00 |
| | 1909, | 2,354,608.00 |
| | 1910, | 3,446,667.00 |

Trading Profits,
before deducting
maintenance
Repairs and Gen.
Interest Paid.

| | |
|------|------------|
| 1905 | 366,104.00 |
| 1906 | 463,746.00 |
| 1907 | 463,247.00 |
| 1908 | 607,478.00 |
| 1909 | 455,773.00 |
| 1910 | 488,672.00 |

Repairs &

| | | |
|---------------------|------|------------|
| <u>Betterments,</u> | 1905 | 44,297.00 |
| | 1906 | 66,534.00 |
| | 1907 | 76,280.00 |
| | 1908 | 106,349.00 |
| | 1909 | 66,550.00 |
| | 1910 | 74,172.00 |

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000,000 | 100,000,000, |
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| | | |
|---------------------------------------|-------|--------------|
| <u>General Interest Account, 1905</u> | 1905 | \$120,725.00 |
| | 1906m | 135,026.00 |
| | 1907 | 129,391.00 |
| | 1908 | 142,270.00 |
| | 1909 | 158,856.00 |
| | 1910 | 156,055.00 |

| | | |
|---|-------|------------|
| <u>Nett Profits -available for Bond Interest,</u> | 1905 | 201,092.00 |
| | 1906 | 262,186.00 |
| | 1907 | 257,576.00 |
| | 1908m | 358,859.00 |
| | 1909 | 233,367.00 |
| | 1910 | 258,445.00 |

| | | |
|---|-------|------------|
| <u>Additions to Capital for New Plant, etc.</u> | 1905 | 26,236.00 |
| | 1906 | 93,041.00 |
| | 1907 | 60,956.00 |
| | 1908m | 121,216.00 |
| | 1909 | 64,088.00 |
| | 1910 | 53,939.00 |

Total Profits for six years,1,571,525.00

Annual Average Nett Profit,
for six years, 261,921.00

12. These Total Profits, have been disposed of as
follows: Six Year Bond Interest, 666,000.00
Dividend on Shares, 459,000.00
Added to Profit and Loss, 446,525.00

\$1,571,525

With the exception of the years 1904 and 1905
(when no Dividend was paid), the Company has paid a

| Year | Amount |
|------|-----------|
| 1940 | 10,000.00 |
| 1941 | 10,000.00 |
| 1942 | 10,000.00 |
| 1943 | 10,000.00 |
| 1944 | 10,000.00 |
| 1945 | 10,000.00 |
| 1946 | 10,000.00 |
| 1947 | 10,000.00 |
| 1948 | 10,000.00 |
| 1949 | 10,000.00 |
| 1950 | 10,000.00 |
| 1951 | 10,000.00 |
| 1952 | 10,000.00 |
| 1953 | 10,000.00 |
| 1954 | 10,000.00 |
| 1955 | 10,000.00 |
| 1956 | 10,000.00 |
| 1957 | 10,000.00 |
| 1958 | 10,000.00 |
| 1959 | 10,000.00 |
| 1960 | 10,000.00 |
| 1961 | 10,000.00 |
| 1962 | 10,000.00 |
| 1963 | 10,000.00 |
| 1964 | 10,000.00 |
| 1965 | 10,000.00 |
| 1966 | 10,000.00 |
| 1967 | 10,000.00 |
| 1968 | 10,000.00 |
| 1969 | 10,000.00 |
| 1970 | 10,000.00 |

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Dividend at the rate of 4 per cent. per annum since 1899.

13. The Accounts of the Gibson Cotton Mill have also been audited by Mr. Fimasoll, and show a total profit during the last 3½ years of .. \$152,675.00

Average Annual Nett Profit, \$55,520

These profits have been disposed of as follows:

Dividends on Capital, 92,867

Carried to Profit and Loss, .. 59,808

\$152,675.00

Mount Royal Spinning Company,

14. The Mount Royal Spinning Company's Mill was only completed on 1st January, 1910, so no figures are available in respect to earnings. This property has now been leased for a period of ten years, from 1st September, 1910, to the Dominion Textile Company, Limited, at an annual rental of \$165,000.

Estimated Earnings,

15. Without taking into account any additional earnings from the \$1,000,000 of extra working capital provided by the issue of Preferred shares which will amount to at least \$30,000 per annum, the estimated earning power of the Consolidated Company is as follows:

Average Profit past 6 years Canadian Colored Cotton Mills Co. \$261,921

Gibson Cotton Mill, average
(Three years) 55,520

Mount Royal Spinning Co. (rental) 165,000

\$482,441.00

Interest on Bonds outstanding will amount to

190,000.00

Leaving available for dividends on Preferred and Common stock,

\$292,441.00

Dividend at the rate of 4 per cent. per annum since 1933.

13. The accounts of the Dominion Cotton Mill have also been audited by Mr. [Name], and show a total profit during the last of years of \$1,100,000. Average annual net profit, \$33,000. These profits have been disposed of as follows:

Carried to Profit and Loss, \$1,100,000

14. The Mount Royal Mining Company's Mill

was only completed on 1st January, 1910, so no figures are available in respect to earnings. This property has not been leased for a period of ten years, from 1st September, 1910, to the Dominion Textile Company, Limited, at an annual rental of \$100,000.

15. Without taking into account any additional

earnings from the \$1,000,000 of extra working capital provided by the issue of preferred shares which will amount to at least \$50,000 per annum, the estimated

earning power of the Consolidated Company is as follows:

Average Profit last 5 years per annum \$1,100,000

Interest on \$1,000,000 of extra working capital at 5% per annum \$50,000

Total \$1,150,000

This would be a very conservative estimate.

Interest on \$1,000,000 of extra working capital at 5% per annum \$50,000

Total \$1,150,000

10

15

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25

30

Security for Debentures.

16. While the amount of Debentures outstanding after the retirement of the old Bonds will be \$3,800,000 the cost value of the Properties on the Company's books is as follows:

| | |
|---------------------------------------|-----------------------|
| Canadian Cottons Ltd. | \$6,635,102.19 |
| Gibson Cotton Mill, | 795,890.05 |
| Mount Royal Spinning Company, | <u>2,646,380.11</u> |
| | \$10,077,372.35 |
| Less amount allowed for depreciation, | <u>2,652,257.35</u> |
| | <u>\$7,425,115.00</u> |

DIRECTORS

15 D. Morrice, President,

Sir Edward Clouston, Bart., Vice-President,

C.R. Hosmer, George Caverhill,

Hon. F.L. Beique, K.C. Theophilus King,

20 D. Morrice, Jr. A.O. Dawson,

A.A. Morrice.

Then the 6% issue of Canadian Coloured Cotton Mills Company's Bonds has been exchanged or retired the Capital of the Company will stand as under:

| <u>Authorized:</u> | <u>Issued</u> |
|--|------------------|
| \$4,500,000 6% Non-Cumulative Preferred Stock, | \$3,575,000 |
| <u>3,500,000</u> Common Stock, | <u>2,715,000</u> |
| \$8,000,000 | \$6,290,000 |
| \$5,000,000 5% CONSOLIDATED MORTGAGE BONDS, | 3,800,000 |

30 The balance of the Bonds amounting to \$1,200,000 will be reserved by the Company for its future

Statement of Assets and Liabilities

IV. The assets of the Corporation are:

After the retirement of the old bonds will be

\$6,800,000 the cost value of the properties on the

Company's books is as follows:

Canadian Corporation Ltd. \$6,800,000.00

Simon Gordon Mill, 730,000.00

Land and Buildings
2,000,000.00

\$10,530,000.00

Less amount allowed for

depreciation
3,730,000.00

\$7,800,000.00

D. Morrison, President,

100 Queen Street West, Toronto, Ont.

George G. G. G.

100 Queen Street West,

D. Morrison, Jr. A.O. G. G.

A.A. Morrison.

When the 5th issue of Canadian Corporation Ltd.

the Corporation's bonds are issued the amount of \$7,800,000

the Capital of the Company will stand as under:

Capital

| | |
|--------------------|-----------------------------|
| \$2,000,000 | 20,000 shares of \$100 each |
| 5,800,000 | 58,000 shares of \$100 each |
| <u>\$7,800,000</u> | |

\$7,800,000 is the amount of the Corporation's bonds

The balance of the bonds issued is \$7,800,000

will be received by the Corporation and the

requirements."

Q. Now, my attention has just been directed to a discrepancy that appears in the statement in regard to preferred stock? A. There is no change in the preferred stock or the common stock.

Q. Well, the bonds? A. This is two years later; you will notice that 1912 that extra amount was issued.

Q. Just let us get what happened. I have here that purports to be a printed prospectus issued by Royal Securities Corporation, Limited, dated July 2, 1910? A. Yes.

Q. It was an earlier statement than the one I have just read? A. I think this is later, is it not 1912, -- September 13, 1912.

Q. Oh yes, I see. A. That is after those exchanges were made and the Company formed; this was in anticipation of the change, the first one.

Q. Well then, Exhibit 378, which I have just been reading from is in anticipation of -- A. Of a reorganization.

Q. Of a reorganization? A. Yes.

Q. Then we come to this --

THE COMMISSIONER: What is it, Mr. McKuer?

MR. MCKUER: It is a prospectus issued by Royal Securities Corporation Limited, my lord.

THE WITNESS: A further issue of the bonds was made at that time?

THE COMMISSIONER: That will be Exhibit 339.

• 20 NOV 1967 •

Now, my attention has just been directed to

a discrepancy that appears in the statement is noted

you will notice that this small extra amount was added

1911, 1912, 1913, 1914, 1915, 1916, 1917, 1918, 1919, 1920, 1921, 1922, 1923, 1924, 1925, 1926, 1927, 1928, 1929, 1930, 1931, 1932, 1933, 1934, 1935, 1936, 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944, 1945, 1946, 1947, 1948, 1949, 1950, 1951, 1952, 1953, 1954, 1955, 1956, 1957, 1958, 1959, 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968, 1969, 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 25

... to ... is in ... of ...

• No. 1 of 1957-58

[illegible]

... and to come to this ...

Some of the

6053 Dawson

EXHIBIT 339: Prospectus issued by Royal Securities Corporation Limited.

MR. MORRIS: This reads in part, as follows:

*\$1,000,000.00

CHAMBERLAIN, LIMITED

5 per cent. First Mortgage Bonds,

Dated July 2nd, 1916

Due July 2nd, 1940

Interest payable January 2nd and July 2nd at

the Royal Trust Company, Montreal, or at the

Bank of Montreal, New York, or London, England

at the fixed rate of exchange of 34.86 2/3 to the

21. Redeemable at any time before maturity at 105

and accrued interest on any interest date upon six months' notice.

Denominations: \$1,000, \$500, \$100.

£500, £100, £5.

Bonds may be registered as to principal.

CAPITALIZATION

Authorized

Issued

| | | |
|--------------------------|-------------|-------------|
| 5% First Mortgage Bonds, | \$5,000,000 | \$4,300,000 |
|--------------------------|-------------|-------------|

| | | |
|------------------------------------|-----------|-----------|
| 6% Non-Cumulative Preferred stock, | 4,500,000 | 3,575,000 |
|------------------------------------|-----------|-----------|

| | | |
|---------------|-----------|------------|
| Common Stock, | 3,500,000 | 2,715,500* |
|---------------|-----------|------------|

Q. Now, in the statement we have just been reading from it states that they are \$5,000,000 authorized and \$3,800,000 issued? A. Yes.

Q. Now, was the balance issued to Royal Securities Corporation, Limited? A. Except \$2,800,000 that was left in the Treasury. Instead of that it was

6054

Dawson

\$4,300,000, increased from this one to this one,

so there was really in the hands of the --

Q. It should not have been \$4,500,000.

A. The other \$300,000 was kept for collateral to the bank. There was really in the hands of the public \$4,200,000.

Q. \$4,200,000?

A. Yes. It is not significant,

my lord, because they have all been redeemed since?

Q. All this bond issue? A. Yes.

Q. Yes? Then we will deal with that. A. No

change between preferred and common.

Q. Then does the preferred stock and the common stock stand to-day as it was -- A. Practically.

Q. --at the time of the re-organization in 1910?

A. Practically, yes. I think you will find the figure, - there may be a few thousand dollars one way or another.

Q. I am just looking at the annual report for the year 1936. The capital stock is stated to be

6 per cent. Preferred, authorized \$4,500,000. Issued \$3,661,500,? A. Yes, that is right.

Q. Common authorized \$3,500,000; issued \$2,715,500?

A. That is right.

Q. So we have this straight? A. Yes.

Q. I notice that you were a director at this time?

A. That is right.

Q. And D. Morrice was at that time President of the Company? A. Yes.

Page 10 of 10

• It should not have been \$2,500,000.

●○○●○○○●

my lord, because they have all been released and

... You. Then we will deal with that. A. Oh.

...at the time of the re-organization in 1967,

Figure. - There may be a few thousand dollars in the way

The original book is dated to be
Year 1936.

0 per cent. preferred, authorized \$5,000,000

9,006,188.04

[illegible]

I notice that you are a director of this firm.

● 中国人口地理

and I believe that the same is true of the other.

Q. Were you aware at that time that Mr. Morrice was a member of a Syndicate that was formed for the purpose of organizing the Dominion Textile Company?

5 A. No. As I say, I came from the Selling Department into the Financial End. I know really nothing to the previous activities of the president of the day, except that I knew he was interested in Textiles for over a period of many years.

10 Q. Well, was he a director of the Dominion Textile Company at the same time as he was a Director of your Company? A. I hardly think so. I hardly recollect--

15 Q. Well, I do not recollect myself, without going back to the minute books at the moment.

A. I think no, as far as my memory serves me.

20 Q. Then George Caverhill was a Director in 1910, along with you? A. Yes, that is right.

Q. Did you know that George Caverhill was a member of the Syndicate that was organized for the purpose of organizing the Dominion Textile Company?

A. No, I did not.

25 Q. You did not know that? A. Mr. Caverhill is still a Director of my company.

Q. Oh, he is still a director of your company?

A. Yes.

30 Q. Mr. Hoamer was a director of your company, and he was also a director of one of the other Textile companies? A. Yes, he was with the Dominion.

Q. And he was a director of the Dominion?

A. Yes, and he was President of the Canadian Cottons,

Q. Now you would say that the first time you saw a member of a syndicate that was formed for the purpose of obtaining the business of the...
A. Yes, I saw him the first time...
Q. Now the first time you saw him...
A. I saw him the first time...
Q. Now the first time you saw him...
A. I saw him the first time...
Q. Now the first time you saw him...
A. I saw him the first time...
Q. Now the first time you saw him...
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Q. Now the first time you saw him...
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Q. Now the first time you saw him...
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Q. Now the first time you saw him...
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Q. Now the first time you saw him...
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Q. Now the first time you saw him...
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Q. Now the first time you saw him...
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Q. Now the first time you saw him...
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Q. Now the first time you saw him...
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Q. Now the first time you saw him...
A. I saw him the first time...
Q. Now the first time you saw him...
A. I saw him the first time...

for many years.

Q. Was he President of the Canadian Cottons at the same time as he was a Director of the Dominion Textiles?

A. Oh, I think so; as far as my memory serves me,

I think he was a director of Dominion Textiles up to the time of his death.

MR. McRURK: This document has been filed, my lord?

THE COMMISSIONER: Yes.

BY MR. McRURK: Q. Now then, just by way of a little early history first, Mr. Dawson. Canadian Cottons, Limited, is the name of the present Company? A. That is right.

Q. Yes, before the reorganization of 1910, was it? A. 1910, yes; that was the time supplementary Letters Patent were issued.

Q. Yes, before the change in 1910 it was called Canadian Colored Cottons, was it? A. Canadian Colored Cotton Mills, Company.

Q. Canadian Colored Cotton Mills Company?

A. Yes.

Q. And were there any other companies that joined in 1910 to make up Canadian Cottons Co. Limited?

A. Yes, the Gibson Mill; the D. Morrice Company, as I recall it, was selling agents for that company; that company was absorbed in that ^{re}organization by Canadian Cottons Limited. At Marysville, N.B., that was the Mill that was organized by the late Alexander Gibson,

and to protect the maintenance and to improve the

Mr. Kelly's name has been listed in Book 187.

Will a copy of this, and you will be able to see it.

Yes, before the reorganization of 1916, was 197

.. 1911, Year: that was the time supplementary letters

.. Yes, before the change in 1913 it was called

Colored Cotton Mills, Company.

1997

... and were the only other companies that joined

Yes, the Wilson Mill; the D. Morris Company, as

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James L. ...

6057

Dawson

who was a lumber king, and he thought it would be a valuable thing to have a cotton mill associated with him, but it did not turn out very satisfactorily.

5 Q. Yes. Apparently then the Company had five mills in 1910, one situated in Hamilton, three in Cornwall, one in Merriton; and they acquired the Gibson Mill? A. At Marysville.

Q. That would be six mills? A. Six.

10 Q. And then, in addition to that, they owned the Mount Royal Spinning Mill? A. They absorbed that; it was a new mill just finished.

Q. Oh, it was a new mill just finished?

15 A. Yes.

Q. What Company had built it? A. It was the Mount Royal Spinning Company I think it was called. It had hardly got under operation. It got started in a very bad time, and overtures were made to us to see whether we would absorb it and in the re-organization we did so; we never operated it.

20 we immediately leased it to the Dominion Textile Company because it was more in line with their particular product.

25 Q. Who was it that had organized the Mount Royal Spinning Company? A. As I recall it, the late Benjamin Tooke was one of the leaders; Mr. Whitehead, - Willie Whitehead, now deceased; Mr. Tolmoe was in that too; he is now associated with our company; he was one of the promoters of the late Mount Royal Spinning Company.

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who was a lumber king, and he thought it would be
a valuable thing to have a cotton mill associated
with him, and it did not seem very satisfactory.

.
within a year, one thousand in business, and in
some cases, one in business; and they were of the
cotton mill.

. That would be six miles?
. And then, in addition to that, they owned
the cotton mill.

. That is a new mill?
. Yes.

. That cotton mill?
. Yes.

. It had hardly got under operation. It got started
in a very bad time, and everything was made to be
so bad that we could almost see it in the re-
sultation we did not; we never operated it.

. He immediately leased it to the Southern Lumber Company
because it was more in line with their business.

. The fact is that had occurred the same way.
. In 1901, the fact

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I do not recall the names of the other men who were associated with it, but these were the chief men, - Whitehead, Tolmie and Tooke.

Q. Well then, there would be seven mills?

A. Yes, seven mills, - six that the company operated, and one that they leased.

Q. Yes. Are these mills all in operation now?

A. Yes, they are all operating still.

Q. The seven mills? A. Yes. The Mount Royal is being operated by the Dominion.

Q. They acquired it completely? A. Later on, at the end of ten years, they purchased the mill.

Q. Well then, when Canadian Colored Cottons was organized in 1892, was it a merger of other cotton mills. Yes. As I recall it, that was a merger of several mills that were having a difficult time. I am only now speaking from hearsay, of course.

Q. Yes. Probably we might be able to get the records? A. They were having a difficult time of it and they were merged in the name of the Canadian Colored Cotton Company.

Q. But your company has possession of the official records, so that we might be able to just determine their difficulties? A. I think the minutes there are the only records, Mr. McNair, that we would have.

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Well, this commences in 1892, those minutes that have just been handed to me, and I am interested to know what sort of bad times those merging companies were having prior to 1892, because we have been reading something of the history of the Canadian Mills,

between 1874 and 1892, and it did not break our hearts at all?

A. Well, I practically know nothing of the history except as I understand they were having a difficult time. Of course, as I say, I am only speaking from memory, and they did not have a happy time either when they came together.

Q. It was not a happy union? A. No, it

certainly was not. If you would like a little history

Q. We might get it from the records? A. The

Secretary of that day was a Mr. Bruce, and he, of course, has passed on a number of years ago, so that we have only the records as we have them there telling the story.

A. Yes. Well, I see by this Minute book that is produced, which is stated to be the Minute Book of the Canadian Colored Cotton Mills Company Limited, Montreal, the charter of the Company is entered on Page 3, and at the foot of the page there is a statement with regard to the capitalization:

"And whereas, among other things, it is in the Notice of this Application and in the said Petition averred, and it has been established, that the amount of the capital stock of the

intended Company is \$100,000, divided into
One thousand shares of One hundred dollars each,--
That the said Andrew Frederick Gault has taken
one hundred shares of the said stock, and has
paid in thereon the sum of one thousand dollars.

That the said David Morrice, the elder,
has taken one hundred shares of the said stock,
and has paid thereon the sum of one thousand
dollars.

That the said Robert Leslie Gault, has taken
one hundred shares of the said stock and has paid
in thereon the sum of one thousand dollars.

That the said Theophilus King has taken
100 shares of the said stock, and has paid him
in thereon the sum of one thousand dollars.

That the said Charles Dexter Owen has
taken one hundred shares of the said stock,
and has paid in thereon the sum of one thousand
dollars.

That the aggregate of the capital stock
taken is \$50,000.00, and the aggregate paid in
thereon is \$5,000 - such aggregate has been paid
in to the credit of the said Company in the Bank
of Montreal."

There apparently were some veterans of the Textile
Industry connected with this company in its early days.

A. I have no doubt.

I see the names of Robert F. Gault and David

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Dawson

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Morrice? A. Well, Andrew F. Gault would be the Chief. Robert Gault was a brother of his.

Yes; they are familiar names to us now.

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Then page 11, a meeting of the directors of the Canadian Cotton Mills Company Limited, held on the 27th day of February, 1892. Now, Mr. Dawson, we will probably be a little while going through this. Would you like to sit down in the meantime? A. If you don't mind.

10

Q. It reads:

"I twas then resolved unanimously:"

THE COMMISSIONER: What are you reading from, Mr. McKuer?

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MR. MCKUER: I am reading from the minutes from a meeting of the Directors of the Canadian Colored Cotton Mills Company Limited, held on the 27th day of February, 1892. Page 11:

"I twas then resolved unanimously:

20

That the following mill properties be purchased by this Company:

The Stormont Cotton Mill,

The St. Croix Cotton Mill,

25

The Canada, Cotton Company,

The Lybster Cotton Company,

The Merriton Cotton Company,

The Ontario Cotton Co.

The Ontario Dundas Cotton Mill Co."

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Q. Now, I wonder if I could get the location of those various mills? The Stormont Cotton Mill is at

Cornwall? A. Yes, still operating.

Q. And the St. Croix at Hamilton? A. At Hamilton, still operating.

Q. And the Canada Cotton Company? A. Still operating.

Q. Where is it? A. Cornwall.

Q. The Lybster Cotton Company? A. No, that is defunct; that was sold for scrap, I think.

Q. When? A. Oh, I don't know anything about that; it was many years ago. It was never operated, as far as I can tell. The purchase was to get rid of it. As I say, I am only speaking from memory, but as I recall, it was never operated.

Q. The Merriton? A. That was operated for a time and then it was moved to Cornwall.

Q. Where was it located, at Merriton? A. At Merriton.

Q. Ontario? A. Yes.

Q. The Ontario Cotton Mill Company? A. That is at Hamilton.

Q. And still being operated? A. Yes.

Q. The Dundas Cotton Mill Company? A. No, that was closed, too.

Q. That was closed? A. Yes. I am not sure when. I don't think it was ever operated, as far as my knowledge goes.

Q. Of these that were purchased at the time, the Lybster, the Merriton and the Dundas, are not

now operating. A. No, they are not now operating.

Q. You said the Lybster you thought never did operate? A. No, I don't think it ever did run.

Q. They were purchased at the price of \$4,600,000, the whole payable bonds and stock of the company, and that the Vice-President and Secretary Treasurer of the company be authorized to sign on behalf of this company all necessary deeds or documents to that effect.

Then page 13:

"It was then moved by Mr. T. King, seconded by Mr. D. Morrice, Sr., and resolved:

That in order to enable the Company to purchase the property, stock in trade, etc., of the following mills, to-wit:

The Stormont Cotton Mill Company,

" St. Croix " " "

" Canada " " "

" Lybster " " "

" Merriton, " " "

" Ontario " " "

" Dunas " " "

The following by-law be passed, to-wit:

By-law No. 2,

Respecting the increase of the capital stock of the Company to an amount of \$5,000,000.00.

It is hereby enacted and ordered by the Directors of the Canadian Colored Cotton Mills Company Limited, at their meeting held in the

new opinion, they are not now available.
You said the operator you thought never did.
operator. I don't think it ever did run.

They were purchased at the price of \$1,000.00.
The other operators were also at the company.
of the company be authorized to sign on behalf of the
company all necessary books or documents in such order
Then page 10:

"It was then moved by Mr. J. L. ...
Mr. J. L. ...
That an order be made to the company to ...
the property, stock in hand, etc., of the ...
Mills, to-wit:

THE FOLLOWING TABLE SETS FORTH:

| | | | | | |
|---|---|---|---|---|---|
| " | " | " | " | " | " |
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The following by-law be passed, to-wit:

By-law No. 1.

Hereby the increase of the capital stock
of the company to an amount of \$1,000,000.
It is hereby enacted and ordered by the
board of directors of the company that the
amount of \$1,000,000 be paid in full to the

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Dawson

City of Montreal, on the 27th day of February, 1892, all the Directors being present, and by the unanimous decision of the Directors as follows:

1st. The Capital stock of said company is hereby increased from \$100,000.00 to \$5,000,000.00

said increase divided into forty-nine thousand shares of one hundred dollars (\$100.00) each.

2. Application shall be forthwith made in the name of the said Company and of its directors to the Governor General of the Dominion of Canada, in Council, for Letters Patent, confirming the increase of the capital stock of the Company from one hundred thousand dollars (\$100,000) to Five million dollars (\$5,000,000.00)."

. Now, are you able to tell me from whom this company bought these mills? A. You mean as to the the original owners were?

. No, the owners that the company dealt with in acquiring the mills? A. No, I have absolutely no knowledge of that, Mr. McMur. I know that Mr. King, who is mentioned there, was an American, and that he was one of the group, I think, that built the St. Croix Mill that is referred to. I think that is how he came into it. Later on they sold it.

. Maybe we can do better by the Minute book.

Page 17, I find:

"The President stated for the information of

of January, on the 15th of February,
and the decision of the directors as
follows:

1st. The capital stock of said company is hereby
increased from \$1,000,000 to \$2,000,000,
and the directors are authorized to issue
shares of one hundred dollars (\$100.00) each.
2. Application shall be forthwith made in
the name of the said company and of its directors
to the Governor and of the Secretary of State
in Council, for letters patent, authorizing the
increase of the capital stock of the company
from one hundred thousand dollars (\$100,000)
to two hundred thousand dollars (\$200,000).

Q. Now, are you able to tell us from whom this capital
was raised?

A. Yes, the capital was raised from the sale of
original shares only.

Q. Now, the capital that the company deals with in
regarding the mill?

A. No, I have absolutely
no knowledge of that, Mr. Newman. I know that Mr.
King, who is mentioned there, was an American, and
he was one of the group, I think, that built the
mill. I think that is referred to.

Q. Now we come into it. Later on they sold it.

A. Yes, we can be better by the same word.

Page 17, I think.

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the Meeting that since the meeting of the 22nd February last past shareholders of the company have paid on the stock by them subscribed an additional sum of twenty-thousand dollars (\$20,000) making seventy thousand dollars (\$70,000) on the One hundred thousand dollars (\$100,000) by them subscribed.

The indenture of agreement entered into between M.M. A.F. Gault and David Morrice, and Company, on the 16th instant, and lodged with the Secretary of State pursuant to Section 27 of the Company's Act a duplicate whereof was filed amongst the Archives of the said Company was considered and approved.

And it was then moved by Mr. T. King, Seconded by Mr. R.L. Gault,

And unanimously resolved:

That Two million six hundred thousand dollars (\$2,600,000) of unassessable shares (paid up stock) in this Company be hereby issued in favour of the said A.F. Gault and D. Morrice or their assigns in part payment of the properties mentioned or referred to in said agreement of the 16th March instant, scrip of said shares to be delivered, however, to said A.F. Gault and David Maurice, or assigns, only after regular deeds of conveyance of said properties shall have been made to this company.

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It was further moved by the said E. King, seconded by the said Robert L. Gault, and unanimously resolved:

That in order to enable the Company to pay to the said R. L. Gault or D. Monrice, or assigns, the Two million dollars (\$2,000,000) of bonds mentioned in the aforesaid agreement of the 16th March instant, for the purposes therein mentioned, the following by-law be now passed:

By-Law No. 3.

Authorizing an issue of Two million dollars of bonds.

It is hereby enacted and ordered by the Directors of The Canadian Colored Cotton Mills Company, Limited, at their meeting held in the City of Montreal on the 22nd day of March 1892, all the directors being present and by the unanimous decision of said Directors as follows:

1. The said Company shall issue its bonds or debenture to the amount of Two million dollars (\$2,000,000.00) which bonds shall bear date the 2nd day of April next and shall be secured by mortgage or hypothec on all the Real Estate, leaseholds, immoveable properties, buildings, engines and machinery of the said Company, and each of the said Bonds shall be certified by the Trustees hereinafter named.

2. The said Bonds shall be described as the

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is the further view of the said 10000.

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first issue and shall be sealed with the
Corporate seal of the Company and signed by the
President, or Vice-President and countersigned
by the Secretary of the Company and shall be
of the denominations of one thousand dollars,
five hundred dollars and one hundred dollars
each respectively, the said Bonds of one thousand
dollars numbered consecutively from one to
fourteen hundred inclusive, those of the
denomination of five hundred dollars numbered
consecutively from one thousand four hundred
and one to two thousand four hundred inclusive
and those of the denomination of one hundred
dollars numbered consecutively from two thousand
four hundred and one to three thousand four
hundred inclusive."

So apparently there was issued for these mills
\$2,600,000 in stock of the Company and \$2,000,000
worth of bonds. Have you any knowledge of whether
there was a Syndicate organized by these gentlemen
to purchase these companies and then to sell them
to the Canadian Colored Cotton Mills, Limited?

A. No, I have no knowledge. The present Secretary
of the Company is here now in the person of Mr. Watson.

THE COMMISSIONER: What is that, I did not quite
catch what you said.

THE WITNESS: I say the present Secretary of the
Company is in the room at the moment, in the person of

Mr. Watson; he may know something about the old history,
whether it was a syndicate, or whether the money
was paid by them for distribution to the respective
owners, or how it was. I have not got the faintest
idea.

MR. MORRIS: Then perhaps I had better call
Mr. Watson now.

(Page 6065 follows)

Mr. [Name] no way know something about the old [Name]
[Name] it was [Name] [Name] [Name]
[Name] by [Name] for [Name] to the [Name]
[Name] or not it was. I have not got the [Name]

Yes.

Mr. [Name]: [Name] [Name] [Name] [Name]

[Name] [Name] [Name]

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([Name] [Name] [Name])

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HUGH M. WATSON, Sworn

EXAMINED BY MR. MEKURER:

5 Q. How long have you been secretary of the Canadian Cotton Mills, Limited? A. Since 1927.

Q. Were you connected with the Canadian Colored Cotton Mills Company, Limited? A. Yes sir.

10 Q. How long were you connected with the Canadian Colored Cotton Mills Company, Limited? A. From the beginning to the end.

Q. In what capacity? A. Assistant to the Secretary.

15 Q. Would it be your duty to write the Minutes? A. No sir.

Q. Who wrote the Minutes - the Secretary? A. Yes.

20 Q. Apparently from what I have read when the Canadian Colored Cotton Mills Limited was organized several mills were consolidated with Canadian Colored Cottons Limited? A. Yes sir.

Q. Were these all operated by separate companies? - the Stormont Mills, the St. Croix Mill? A. Yes. All of them, we were all separate.

25 Q. All separate corporate entities? A. Yes.

Q. And they were brought together in a merger in this one company? A. Yes.

30 Q. Now, do you know anything about what took place at that time, whether the terms of consolidation--? A. Well, I have not got

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DO NOT WRITE IN THESE SPACES

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DO NOT WRITE IN THESE SPACES

Q. Now how have you been secretary of the
Canadian Cotton Mills, Limited? A. Since 1937.
Q. Were you connected with the Canadian
Cotton Mills, Limited? A. Yes sir.
Q. How long have you been connected with the
Canadian Cotton Mills, Limited? A. Since 1937.
Q. From the beginning to the end.
Q. Is that correct?
A. Yes.
Q. Would it be you duty to write the
minutes?
A. Yes.
Q. Who wrote the minutes - the Secretary?
A. Yes.
Q. Apparently from what I have read when the
Canadian Cotton Mills Limited was organized
several mills were consolidated with Canadian
Cotton Mills Limited?
A. Yes sir.
Q. Were these all operated by separate com-
panies - the Stomont Mill, the St. Croix Mill?
A. Yes. All of them, we were all separate.
Q. All separate corporate entities? A. Yes.
Q. And they were brought together in a
merger in this one company?
A. Yes.
Q. Now, do you know anything about what took
place at that time, whether the terms of consolida-
tion--?

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them at my finger ends but I was there when the whole thing went through.

5 Q. Had there been some Syndicate composed of Mr. Gault and Mr. Morrice, in which they were interested in it, acquiring the ownership of those companies and then turning them over to Canadian Cotton Mills Limited? A. Well, Mr. A. F. Gault and Mr. David Morrice, Sr., were the two live men
10 at the time of the merger.

Q. Would it be correct to say that they promoted the merger? A. Well, pretty near it I think.

15 Q. And there appears to have been \$2,000,000.00 in Bonds that were issued as part of the purchase price and \$2,600,000.00 in stock? A. Yes.

Q. Do you recollect a transaction of that sort? A. Well, I recollect the \$2,700,000.,
20 that was our first stock.

Q. \$2,600,000.00? A. Neither preferred nor common, it was just stock.

Q. Just plain stock? A. Yes.

Q. And there was 100,000 subscribed for by the
25 men that went into the Company? A. By the first directors.

Q. And then 26,000 went as part of the purchase price? A. Yes sir.

30 Q. And I wonder to whom that 26,000 shares of stock went to, who it was actually issued to?

not on

them at the floor edge but I was there when the

5 A. I heard your question to Mr. Dawson and I have been trying to think ever since, to think it up to see if I could remember it but I do not think I could without referring to something.

Q. Would there be a transfer book of Canadian Colored Cottons Limited that you can get that information from or some of the old records? A. Possibly but it is pretty hard to tell where to look for information nowadays but it is possible. You mean transfer from shareholders to Canadian Cottons?

10 Q. Yes. This is what suggests itself to me, and I do not know whether I am right or wrong: that is, that the shareholders of these five companies were given bonds in return for their interests in the companies and that an issue of common stock was issued to the promoters of the Syndicate. They may have given a bonus along with the bonds - I don't know, but it has got the earmarks of a transaction like that. We have seen those things here. I wonder if we could get the details as to what actually was done? A. You see, that was carried out by the Syndicate and I do not think the company had anything to do with it.

15 Q. I do not expect to find anything about it in the records of the Company and probably you would have no record of it either. A. No.

20 Q. Did you get the records of those old companies - the Stormont Company, the St. Croix

Company and Canada Company - did you get their Minute Books? A. We have got one of them, we have one of the Mount Royal and one of the Canada Cottons and I think that is all.

Q. If you can give me the Minute Book of the Canada Cottons I can get some information from it?

A. I will give you the last one, that is the only one I have got.

Q. I think that is all I can probably get from you at the moment. Probably if you will just take this chair here you will be able to tell me better than Mr. Dawson in reference to matters I come across in the Minute Book.

At page 104 we have the minutes of the First Annual General Meeting of the shareholders of the Canadian Colored Cotton Mills, held on the 16th of May, 1893. Present: A. F. Gault, C. D. Owen, A. A. Crombie, S. H. Swing, H. B. Gault, T. King, Sam Finley, D. Morrice, D. Morrice Jr., R. Macdonnell, D. A. McCaskill, W. J. Morrice, R. Nash, J. B. Clearihue, E. Lichtenheim, A. F. Riddell, J. O. Villeneuve and James Wilson Jr.

"It afford your Directors much pleasure to meet the shareholders on this the occasion of the First Annual Meeting of the Company.

It is unnecessary to recall the events that led up to the formation of this Company. Suffice it to say that the result of the year's

work has turned out quite as well as the most ardent promoter of the Company could have anticipated. A great deal of hard work has been accomplished during the year and the managers of the several plants have been kept unusually busy in getting up the production to the highest point and reducing the cost of manufacture down to the lowest possible minimum.

Considerable new machinery has been added during the year and the several mills worked by the Company are greatly improved since we came into possession.

The result of the year's work is as follows: After paying bond interest, dividends, Interest on Working Account, writing off a reasonable sum for wear and tear and paying all other charges we carry forward to Profit and Loss Account the very handsome sum of \$132,526.03.

The mills are now all doing remarkably well, and it is hoped and expected that the year on which we have entered will show even better results than the one through which we have just passed.

The sales for the year amounted to \$2,442,258.10.

We regret to say that we have been obliged to keep two mills, viz., the Dundas

work has turned out quite as well as the

most recent business of the company.

have anticipated. A great deal of hard work

has been accomplished during the year and

the management of the several plants have been

kept unusually busy in getting up the pro-

cess to the highest point and reducing the cost

of manufacture down to the lowest possible

limit.

considerable new machinery has been added

during the year and the several mills worked

by the company are greatly improved and we

are now producing

The result of the year's work is as follows:

After paying bond interest, dividends, interest

on working account, writing off a reasonable

sum for wear and tear and paying other charges

we carry forward to profit and loss account the

very handsome sum of \$1,280,000.

The mills are now all working very nicely

well, and it is hoped and expected that the

year on which we have entered will show even

better results than the one through which we

have just passed.

The sales for the year amounted to

\$1,000,000.

It is regretted that we have been

unable to do as much as we wished.

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and Lybster closed down and we fear that owing to the want of demand for more goods than can readily be supplied by the mills we are now working it will be necessary to keep these mills closed down for an indefinite time, as we are determined only to make goods that will command a ready sale."

We do not seem to have a statement of Profit and Loss in the Minutes.

Page 123, the Second Annual General Meeting of the shareholders held on the 23rd of May, 1894.

"The Annual General Meeting of the shareholders of the Canadian Colored Cotton Mills Company Limited for the reception of the annual report, the election of directors and the transaction of general business, will be held at the head office of the Company."

This is just a notice calling the meeting.

"The President read the second Annual Report of the President and Directors as follows:

"Gentlemen: It affords pleasure to your Directors to meet the shareholders on this, the Second Annual Meeting of the Company. You are all doubtless aware that the year through which we have passed has been on the whole a very trying and unsatisfactory one so far as manufacturing interests are concerned. Business

and vibrator closed down and we took that out
to the end of the road for no good reason
really to apply to the mill we were now
working it will be necessary to have more
of seed down for an indefinite time, as we are
determined only to make goods that will compare
a ready sale."

we do not seem to have a statement of profits and loss
in the matter.
have had, the second annual meeting of
the shareholders held on the 24th of May, 1924.
"The annual general meeting of the share-

holders of the Canadian Colored Cotton Mills
company limited for the reception of the
annual report, the election of directors and the
transaction of general business, will be held
at the head office of the company."

This is just a notice calling the meeting.
The president read the second annual re-
port of the president and directors as follows:
"Gentlemen: It is a pleasure to report

to you that we have been able to meet the shareholders on May 24th, the
second annual meeting of the company. You are
all doubtless aware that the year 1923-24
which we have passed has been one of the most
difficult in the history of the company. The
conditions have been such that we have been

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Watson

has been unusually dull, especially for the last six months and in addition to the stagnation in nearly all branches of commerce, we have had to contend against the doubts and uncertainties of a change of tariff, which has held the trade back from purchasing or ordering any goods that they did not absolutely require.

The result has been that we have been obliged to keep our mills running on short time, in some cases thirty-five hours a week and in others running one week and closing down next.

This, of course, has had a disastrous effect so far as profits are concerned and it was with regret that your Directors saw that it would be impossible to continue paying the quarterly dividend, and after paying two dividends one in July and one in October, we were reluctantly compelled to discontinue them.

A large amount of money has been spent in getting the mills into modern condition, also in improving the water power, notably the Canada Mill, Cornwall, which will mean a large saving of coal in the future.

Your Directors have been anxious to get everything connected with the mills brought into good condition with a view to economy of production, so that goods may be produced at the lowest possible cost, and as soon as the

1917

has been unusually high, especially in the
last six months and in relation to the
market in general, all business of commerce, we
have had to contend against the buyers and
uncertainty of a change of tariff, which has
held the price back from purchasing or ordering
any goods that they did not absolutely require.
The result has been that we have been
obliged to keep our mills running a short time,
in some cases half-day or a week and in
others running one week and closing down next.
While, of course, we had a disastrous
effect on the price and concerned and it
was with regret that your directors saw that it
would be impossible to continue paying the
quarterly dividend, and after paying the
dividend one in July and one in October, we
were reluctantly compelled to discontinue them.
A large amount of money has been spent in
getting the mills into modern condition, also
in improving the water power, notably the
lower mill, which will make a
large saving of coal in the future.
Your directors have been anxious to see
everything connected with the mills brought into
good condition with a view to economy of ex-
penses, so that more may be produced at the
lowest possible cost, and we have been

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business of the country will permit of its running our mills to their full capacity we anticipate a very large earning capacity, but as you all know it is death to a mill to be obliged to close down or be compelled to run on half or short time.

We are endeavouring to invent new lines of goods and to still more diversify our products by which means we hope to be able to keep a considerable number of looms running over what we are doing at present.

The net profits for the year after paying all expenses of management, selling, interest account etc. amount to \$201,559.66 against which the interest on bonds amounting to \$117,540.00 and two dividends of \$40,500.00 each amounting to \$81,000.00 have been paid.

Then at page 143, this is the third Annual Meeting on the 16th of May, 1895:

You are all doubtless aware that the year through which we have passed has been a very severe and trying one in nearly all departments of cotton manufacture.

The demand for goods during the summer of last year was so small that we were obliged to close down for a considerable time, which resulted in a loss of profit for the first half of the year. It is gratifying to be able to state

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business of the country will permit of its
running the mills to their full capacity we
will not be able to do so. It is well to
run on half or short time.

We are endeavoring to invent new lines
of goods and to sell more diversely our
present line of goods. We hope to be able to
keep a considerable number of lines running
over what we are doing at present.

The net profits for the year after paying
all expenses of management, selling, interest
and other charges, were \$1,000,000.00
which the interest on bonds amounting to
\$117,840.00 and two dividends of \$40,000.00
have been paid. The net profits for the year after paying
all expenses of management, selling, interest
and other charges, were \$1,000,000.00
which the interest on bonds amounting to
\$117,840.00 and two dividends of \$40,000.00
have been paid.

You are all doubtless aware that the year
through which we have passed has been a very
busy one in nearly all departments
of cotton manufacture.

The demand for goods during the year of
last year was well over the average of
the past few years. The demand for goods
was well over the average of the past few
years. The demand for goods was well over
the average of the past few years.

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that the result of the last half year has been satisfactory, all our mills have been fully occupied and we think we see a market for all the goods we can make during the next six, or even twelve months. If our anticipations in this respect are correct, we hope to be able to meet you this time next year, with a better showing.

It is needless to mention the keen competition we have had to contend against especially from the United States, from where, every week if not every day brought a lowering of price lists, until coloured cotton cloth was down to the price of an ordinary grey cotton. However, within the last few weeks, prices in the American market have considerably hardened, and with the large stock of raw cotton this Company has on hand, bought at the lowest bottom prices, the result should show up well for the incoming year.

All the mills are in excellent condition, considerably outlay having been made in the buildings and water power, all of which expenditure is expected to result in producing at a smaller cost a better class of goods.

A still further outlay will have to be made at Cornwall owing to the action of the Government in raising the banks of the Canal. After this

THE COTTON MARKET

that the result of the last half year has been not only satisfactory, but all our mills have been fully occupied and we are now a market for all the goods we can make under the best conditions or even twelve months. It is an extraordinary fact in this respect and we trust, we hope to be able to meet you this time next year, with a better showing.

It is needless to say that the cotton market is now in a position to meet the demand for cotton in the United States, from where, especially from the United States, from where, every week it not only has produced a lowering of prices, but until colored cotton cloth was down to the price of an ordinary grey cotton. However, within the last few weeks, it has risen again, and with the large stock of raw cotton this company has on hand, should show up lowest bottom prices, the result should show up well for the incoming year.

All our mills are in excellent condition, considering the output having been made in the mill and water power, all of which is expected to be maintained in the best condition.

A full year's output will have to be made at the rate of the Government of the Government.

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is completed there will, we think, be ample power, which will be of great importance to this Company.

5 During the year we have had to face the Bonds on the Canada Mill, amounting to \$300,000.00, which was done by four of your directors advancing the sum of \$100,000.00 in cash and borrowing on the Company's name with
10 their endorsement the remaining \$200,000.00, which they did without any charge, thus showing the confidence they have in the ultimate success of the Company.

15 The net profit, after paying bond interest, current interest and all expenses of management and selling amount to \$126,456.00 which, although not as large as could be wished, still considering the very extraordinary and excep-
20 tional year through which we have passed should be considered on the whole as fairly satisfactory."

25 The Fourth Annual Meeting of the shareholders of the Canadian Colored Cotton Mills Company held on the 7th day May, 1896, at page 158:

30 "As you are all aware the years through which we have just passed has not been one in which large amounts of money have been made in any department of general business, and more especially in the manufacture of cotton or

1800,000.00, which was done by four of your

the net profit, after paying bond interest.

be considered on the whole as fairly satisfactory."

woolen goods.

Never in the history of the world have goods been sold so cheap as during the present year. It is true that raw cotton was never lower than in the early part of the season but during the last half of our financial year the prices went suddenly up, and at the present time are fully 25% higher than at this time last year.

The competition, especially from the United States, has been very keen, larger quantities of goods having been sold at ridiculously low prices:

In one instance goods that in the early part of the season were sold at 10½ cents were suddenly reduced to 5-3/4 cents.

We mention this to give you some little idea of what we have had to contend against, and to show you that had it not been for this slaughter competition the results of the year would have been much more satisfactory.

It is gratifying to be able to state that our mills have all been kept running almost continuously throughout the year, until the last few weeks when the Cornwall mills have been closed down week about. The property of the Company is in excellent condition and will compare most favourably with any similar property

never in the history of the world have
goods been sold so cheap as during the present
year. It is the fact that cotton was never
lower than in the early part of the season but
during the last half of our financial year the
prices went suddenly up, and at the present time
are fully 25% higher than at this time last
year.

The competition, especially from the United
States, has been very keen, larger quantities of
goods having been sold at ridiculously low
prices:

In one instance goods that in the early
part of the season were sold at 10 cents were
suddenly reduced to 5-6 cents.

We mention this to give you some idea
of what we have had to contend against,
and to show you that had it not been for this
algebraic competition the results of the year
could have been much more satisfactory.

It is gratifying to be able to state that
our mills have all been kept running almost
continuously for about two years, while the
last few weeks when the Lowell mills have
been closed down were about. The property of
the company is in excellent condition and will
be most favorably with any similar property

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in the neighbouring states. The sales for the year amount to \$2,260,370.29 as against previous year \$1,917,612.15 an increase of \$342,758.14.

5 The amount at credit of Profit and Loss now stands at \$494,786.58 as against \$251,733.26 previous year.

10 Notwithstanding this not altogether unfavourable showing your Directors consider it prudent not to resume dividends this year, but should the result of the year on which we have now entered be as satisfactory as they have reason to anticipate, they are in hopes and
15 consider it not out of the range of possibilities that at the expiration of the present year dividends may fairly be expected to be resumed.

20 In the meantime they consider it more advisable to reduce our at present somewhat rather large bank indebtedness, and thus have the affairs of the Company in a thoroughly sound financial position.

25 By the arrangement with our agents whereby they guarantee all losses against bad debts, we have this year saved a very large amount which the Company would have had to bear had the losses not been provided for by a guarantee commission."

30 Q. Do you know if D. Morrice and Company were the selling agents of the Company of this kind? A. Yes.

in the neighboring states. The action for the
year amount to \$2,500,000.00 as against previous
year of \$1,500,000.00 as against the year 1914-15.
The amount of credit of profit and loss
now stands at \$485,785.50 as against \$301,700.00
for the year 1914-15.
Accordingly they are not affected in any
favorable manner of your directors consider it
prudent not to resume dividends in a year, but
should the result of the year on which we have
now entered be as satisfactory as they have
reason to anticipate, they are in hopes and
consider it not out of the range of possibilities
that at the expiration of the recent year divi-
dends may fairly be expected to be resumed.
In the meantime they are not in more ad-
vantage to reduce our at present somewhat rather
large bank indebtedness, and thus have the
attitude of the company in a thoroughly sound
financial position.
By the arrangement with our agents whereby
they guarantee all losses against our debts,
we have this year saved a very large amount
which the company would have had to bear had the
losses not been provided for by a guarantee
company.
I am, Sir, very respectfully,
Your obedient servant,
The Selling Agents of the Company of this kind A. Year.

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Q. D. Morrice & Company? A. D. Morrice
Sons & Company.

Q. And the D. Morrice of D. Morrice Sons & Co.
is the same man as the D. Morrice of Canadian Cottons?

A. Yes.

Minutes of the Annual Meeting held on the 7th of
May, 1897, at page 185:

"It affords your Directors much pleasure to
meet the shareholders at this the fifth Annual
Meeting of this Company.

The year through which we have just passed
will be one long remembered in the history of
the Company.

During the whole year competition from both
England and the United States has been very severe,
and as a result we have not only been obliged to
sell our production at low prices, but what is
if anything still worse we have been obliged to
run the entire capacity of our mills at about
65%.

This of course adds very much to the cost of
the goods and it is almost surprising to find
that we have even held our own. A very dis-
turbing element in the business of this year was
the uncertainty of the tariff; now that that
question is about settled for the time being we
are hoping that things will considerably improve,
on the whole, the tariff is more favorable for

is the same man as the I. Morris of Morris & Co.
of New York.

Director of the New York State Bank and the New York
Bank, 1897, at New York.

"It appears from your report to such persons as
meet the shareholders at this the fifth annual
meeting of this company.

The year that is now at hand we have just passed
will be one long remembered in the history of
the company.

During the whole year competition has been
keen and the United States has been very heavily
and as a result we have not only been obliged to
sell our production at low prices, but what is
if we are still worse we have been obliged to
run the entire capacity of our mills at about
one-half.

His of course is a very great loss to the cost of
the goods and is a most embarrassing condition
that we have ever held our own. A very dis-
turbance element in the business of this year was
the uncertainty of the tariff; now that that
question is about settled the business will
be greatly benefited and they will consequently improve.
We are sure that the tariff is now favorable for

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this Company than we at one time expected.

- The duties for this year, deducting the preferential allowance, leaves it at 30-5/8% until July 1898 when the duty will in all probability be reduced another 1/8th which will leave it at 26-1/4% less than the old tariff. We are in hope that the second cut will not come into operation, but if it should we think it ought not to hamper the Company very seriously.

In one sense we will be much better off as we will be largely relieved from competition from the United States, which for the last two years owing to the bad state of the Cotton business in that country has been most severe.

Your directors are of opinion that everything has been done that could be done in the interests of the Company, and should any improvement take place in the general business of the Country, which is only reasonable to expect, they feel confident a much better result will be in store for this Company during the year we have now entered upon.

The sales for the year amount to \$1,852,730.06 as against \$2,260,370.29 last year a decrease of \$407,640.73.

The net profit after paying all interest charges and all other expenses amount to only the small sum of \$21,876.32.

1907

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in the morning when we are all assembled.
 The duties for this year, including the
 presidential allowance, leaves it at 30-5, 83
 until July 1898 when the duty will be all paid-
 ability be reduced another 1, 800 which will
 leave it at 28-1/2, less than the old salary.
 We are so hope that the second cut will not come
 into consideration, but if it should we think it
 ought not to happen the company very seriously.
 In one sense we will be much better off as
 we will be largely relieved from competition
 with the United States, which for the last two
 years owing to the bad state of the country
 business in that country has been most serious.
 Now business and of course that every-
 thing has been done that could be done in the
 interests of the country, and should not have
 meant that there is the general business of the
 country, which is only reasonable to expect,
 they feel confident a much better result will
 be in store for this company during the year as
 The sales for the year amount to
 \$1,301,750.00 as against \$2,200,000.00 last year
 a decrease of 40.7, 440.00.
 The total cost of the year all charges
 charges and all other expenses amount to only the

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The amount of Profit & Loss now stands at \$516,662.90 as against \$494,786.58 previous year, of this amount \$478,780.60 has been put into machinery, water power and other improvements

The properties of the Company are now in first class condition and capable of producing the class of goods we manufacture at the lowest cost, and with a normal condition of trade should produce satisfactory results."

And the sixth Annual Meeting held on the 25th of May, 1898.

"The Chairman read the 6th Annual Report of the Directors of the Company as follows:

Gentlemen: Your directors take pleasure in stating that the business conditions for the past year have been somewhat improved over the previous year and that at least for the last six months seemed to be approaching normal conditions. The first six months was marked by a sluggish demand, sharp competition and extraordinary low prices, from other markets which seriously reduced our output, and reduced the price of our fabrics. These conditions were changed for the last six months only in the demand for our manufactured goods. The result was that for the first six months we ran only 56% of our capacity, and for the last six months 83%. We still have sharp competition

The amount of profit is also an estimate
of \$10,000,000.00 as against \$10,000,000.00 previous
year, if this amount \$10,000,000.00 are then put
into production, power power and other improvements
the production of the company are now in
first class condition and capable of producing
the size of goods we manufacture at the lowest
cost, and with a normal condition of trade
should produce satisfactory results.
and the sixth Annual Meeting held on the 20th
of May, 1901.
The Chairman read the 6th Annual Report
of the Company of the company as follows:
The Chairman of the Company
pleasure in stating that the business conditions
for the past year have been somewhat improved
with the present year and that the business
the last six months seemed to be somewhat
normal conditions. The first six months was
marked by a slight decline, but competition
and exceptionally low prices, from other sources
which seriously reduced our output, and reduced
the price of our fabric. These conditions
were claimed for the last six months only in
the demand for our manufactured goods. The
result was that the last six months we
had only 50% of our output, and for the last
six months we had only 50% of our output.

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5 from the depressed trade in the United States,
and as you are all quite aware, a further
reduction of 1/8th in the duty, which takes
place on the 1st July. Notwithstanding these
conditions, if the consumption of the country
can be maintained at its present point, we
feel encouraged to believe, in the present con-
ditions of our mills, and the small outlays
10 necessary for future improvements, that our
prospects are very encouraging.

The sales for the year amount to
\$2,504,555.00 against \$1,852,730.00, an increase
of \$451,829.00.

15 The net profits, after paying all interest
charges, and all other expenses, including
bond interest, amount to the sum of \$110,875.74.

20 The amount of the credit of Profit & Loss
now stands at \$527,538.64 as against \$516,662.90
the previous year. We had previously charged
off to plant \$135,292.00 which added to the
present balance would make \$762,830.64. There
has been added to New Machinery account and
25 charged to the plant, the past year, the sum
of \$30,000.00."

The 7th Annual Meeting, the 30th day of May,

1899:

30 "Your directors have pleasure in stating
that the business of the Company for the past

from the Government, trade in the United States,
and as you are all quite aware, a further
red action of 1932 in the U.S. which has
placed on the part of the Government these
conditions, if the Government of the country
can be maintained at the present point, we
are encouraged to believe, in the present con-
ditions of our mills, and the small surplus
necessary for future improvements, that our
Government has, and will continue to
be able to do the best interest to
the country, and the Government of the country
the net profits, after paying all interest
charges, and all other expenses, including
bond interest, amount to the sum of \$115,570.74.
The amount of the profit of profit, as
not shown at 1932, 1933, 1934, 1935, 1936, 1937,
the previous year. We had previously charged
off to plant \$135,325.00 which added to the
amount of the profit of profit, as
has been added to the account and
charged to the plant, the amount of \$135,325.00
at \$20,000.00.
The 1938 Annual Report, the amount of \$135,325.00
The 1938 Annual Report, the amount of \$135,325.00
The 1938 Annual Report, the amount of \$135,325.00

year has been on the whole reasonably satisfactory. During the first three months of the year we enjoyed the benefit (so far as it went) of the tariff as it then existed, but the continued severe competition from outside makers continued more or less throughout the whole year's work. Owing however to the more favourable condition, more particularly of the American market, we have been unable to make an advance on some of our leading lines, from which we will during the present season reap considerable benefit. We have been able to run about the full product of our capacity during the whole year. The decrease in the tariff of 26 $\frac{1}{4}$ % on English, as well as other manufactured goods imported through England has been more or less severely felt - low wages, cheap money, machinery, supplies and etc. enabling them to produce goods at a very low cost. We feel, however, notwithstanding these drawbacks that we are entering on and may with confidence expect very satisfactory results for the coming years. As before stated to you, your Board in their continued line of action have nearly brought the property of the Company up towards the position aimed at - so as to meet (and meet successfully) the anticipated requirements of the trade, by

which the heavy cost of manufacturing might be reduced, as well as the large quantities of foreign goods, not hitherto made in this country, might be successfully supplanted by our own mills.

The properties of the Company are in a most excellent condition, and the result as to the cost of manufacturing, etc. bears out the wisdom of the outlay made during the past. From the statement, which will be placed before you, you will notice that the Company's indebtedness to their bankers was, at the close of the year's work considerably reduced, the General Loan account being \$750,000.00, the special loan on raw cotton \$203,673.00. The deliveries for the year amount to \$2,359,734.25 being an advance of \$55,174.33 over 1897-98 (which as you remember was some \$450,000.00 over the preceding year of 1896-97).

The net profits for the year, after the necessary deductions of general interest, interest on Bonds, and all other expenses, amount to the sum of \$210,877.45, of which \$54,000.00 (being 2% on the subscribed capital of the last six months of the year) has been paid to the stockholders and a balance carried forward to the credit of

which the heavy cost of manufacturing might
be reduced, as well as the large quantities
of foreign goods, not at home made in this
country, would be a great advantage
by our own mills.

The properties of the Company are
in a most excellent condition, and the result
as to the cost of manufacturing, etc. bears
out the wisdom of the outlay made during the
past. From the statement, which will be
placed before you, you will notice that the
Company's indebtedness to their bankers was,
at the close of the year's work considerably
reduced, the General Loan account being
\$750,000.00, the special loan on raw cotton
amounting to \$2,000,000.00, and the balance
of \$1,174.55 over 1897-98 (which as you
remember was some \$400,000.00 over the
preceding year of 1896-97).

The net profits for the year, after
the necessary deductions of general interest,
interest on bonds, and all other expenses,
amount to the sum of \$10,875.45, of which
\$4,000.00 (being 25 on the subscribed
capital of the last six months of the year)
has been paid to the stockholders and a
balance of \$6,875.45 is now retained

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Profit & Loss account \$156,877.45. The amount at the credit of Profit & Loss account now stands at \$784,416.09 against \$627,538.64 the previous year."

The 8th Annual Meeting of shareholders held on the 25th day of May, 1900:

"It gives your directors pleasure to meet you today and place before you the record of the past year's work of the Company. We have pleasure in reporting that owing to the general activity in business circles, we have been enabled to run all the mills at their full capacity during the entire year. Some of the mills, owing to necessary alterations, we were not able to receive the full production, but the total shows a fairly good average. In common with this country, other manufacturing centres have been also fully engaged thereby enabling us to receive to a reasonably full extent the benefits of our home market. Competition from outside manufacturers has not been so severe, enabling us not only to maintain but to make a considerably increase in our values. We have not been slow to take advantage of this condition, having as usual met the markets in this country by frequent advances, our judgment leading us to anticipate a continuance of the demand for our manufactured

... and a loan of \$100,000. The
amount of the credit of \$100,000 was approved
and placed at \$100,000.00 against \$100,000.00.
...
The 5th annual meeting of the Board of Directors
on the 24th day of May, 1950:
...
You hereby and place before you the record of
the 5th annual meeting of the Board of Directors
...
... is a statement that owing to the fact that
activity in business circles, we have been en-
abled to ... of the ...
... the entire year. Some of the
... which, due to the fact that we were
not able to receive the full production, but
the total shows a fairly good average. In
...
... others have been also fully engaged thereby
enabling us to receive to a reasonably full
extent the benefits of our home market. Com-
parison from outside sources has not
been so severe, enabling us not only to main-
tain but to ...
... we have not been able to ...
of average of this condition, having an average
met the market in this respect by ...
adverse, our judgment leading us to anticipate
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goods, as well as a distinctly possible advance in the prices of our raw material.

We regret exceedingly that we have again to face a further decrease in the tariff on manufactured goods (as you are aware, we have been manufacturing with a protection of only 26 1/2% as against English or other goods imported through England) now a further decrease is announced, which will make a still further reduction to 23-1/3%. We regret these frequent changes, as they are very detrimental to the well being of any manufacturing concern, and they are certainly at variance with the promises made to us when the last change was effected.

Your Board have on hand a fair stock of raw cotton bought some time ago at reasonable prices, from which they expect to be able to realize more than an ordinary average profit during the coming year.

During the past year we have (as is customary in such properties) made considerable additions, both as to buildings, as well as plants, the necessary alterations effected has more or less interfered with the production, but nothing of a serious character.

The property of the Company is in first class condition. I think we are justified in

goods, as well as a distinctly possible advance
in the prices of our raw material.
We regret exceedingly that we have again
to face a further decrease in the tariff on
manufactured goods (as you are aware, we have
been manufacturing with a protection of only
50% as against English or other goods imported
through India) now a further decrease is
announced, which will make a still further re-
duction to 25-30%. We regret these frequent
changes, as they are very detrimental to the
well being of any manufacturing concern, and
they are certainly at variance with the promise
made to us when the last change was effected.
Your Board have on hand a fair stock of
raw cotton bought some time ago at reasonable
prices, from which they expect to be able to
realize more than an ordinary average profit.
During the past year we have (as is cus-
tomary in such properties) made considerable
additions, both as to buildings, as well as
plants, the necessary alterations effected
has more or less interfered with the pro-
fits, but nothing of a serious character.
The property of the company is in first
class condition. I think we are justified in

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5 stating that our manufacturing plant stands today capable of producing goods as low as any similar plant on similar goods on the American continent, but notwithstanding this there is, as you are all aware, more or less changes required in maintaining such properties as are in constant operation.

10 From the statement which will be placed before you, you will observe the Company's indebtedness to their bankers and others, at the close of the year was a very moderate amount, our ordinary Loan Account being only
15 \$765,000.00 and the special loan on raw cotton \$132,985.00. As a matter of course this is not a constant condition, but it is a good sign in connection with a business of the kind, and one which all bankers desire to
20 see, a constant active account.

25 Considering the large turnover of the Company, and the great variety of goods being manufactured, we feel special pleasure in being able to report the above.

30 The deliveries for the year amount to \$2,529,626.00 being an advance of \$170,000.00 on the previous year of 1898-99 or an increase of \$670,000.00 in the three past years work of the Company.

Our stock of manufactured goods is in first

[illegible]

the 6 is, as you are all aware, no 6 or 10

class condition. Our orders for the coming
Fall at the present time show a large increase
on the previous year. We trust that this con-
dition may continue. We anticipate similar
results for the succeeding Spring trade,
which as you know is the heaviest season in
the Company's business.

The net profits for the year, after
making the necessary reduction for interest
charges, interest on bonds, and all other
expenses, amount to the sum of \$348,428.14,
of which \$108,000.00, (being 4% on the sub-
scribed capital of the Company) has been paid
to the stockholders, leaving a balance to be
carried forward to the credit of Profit &
Loss account of \$240,428.14.

As shown by the statement to be submitted,
the amount at the credit of Profit & Loss
account now stands at \$1,024,844.23 as against
\$784,416.09 the previous year."

The 9th Annual Meeting held the 30th day of
May, 1901:

"In placing before you the Annual State-
ment for the year, we cannot report to a full
degree, a continuance of the general activity
which prevailed at this time last season.

During the year 1899-1900, and the preceeding
year, there had been a very marked increase

all of the present time show a large increase
on the previous year. We found that this con-
dition may continue. We anticipate similar
results for the coming year.
which we have in the present season in
the company's business.

The net profit for the year, after
making the necessary provision for the next
expenses, interest on bonds, and all other
expenses, amount to the sum of \$25,438.14,
of which \$12,000.00, being 48 on the un-
scribed capital of the company has been paid
to the stockholders, leaving a balance to be
carried forward to the credit of profits a
new account of \$13,438.14.

As shown by the statement to be submitted,
the amount at the credit of profits a new
account now stands at \$1,024,844.88 as against
\$784,410.08 the previous year.
The 9th Annual Meeting held on the 25th day of

and being the 9th Annual Meeting
of the year, we have the honor to report to a full
degree, a continuance of the general activity
of the company in the past year.
During the year 1929-1930, and the preceding
year, the company has been very active in

in the production and consumption of Textile fabrics, in common with the general business of the Country. As usually follows such a condition, business has been more or less of a conservative character: it is generally found that when the consumption is above the ordinary average, and the trade of the Country shows excessive demand over previous conditions, they are apt more or less to exceed their demands in placing their orders, and when a change ensues, there cannot be the usual activity in their requirements, until any surplus that may have accumulated, has been disposed of; in addition to this, a marked increase in the price of Raw Cotton necessarily caused considerable caution on the part of those who were in a position to buy more freely. The average increase in the price of Cotton for the year just ended, shows over three cents a pound,-- while against the seasons work we have also had the increase in wages for the whole year, and an advance in the price of general supplies, (such as dye stuffs, coal, &c) all this was more or less unfavorable to the maintenance of the large deliveries for the preceeding year (the largest in the existence of the Company) was \$170,000. ahead of the year 1898-99, while that year was

1887

in the production and consumption of...
business, in common with the rest of business
of the country. It is generally...
condition, business has been more or less of
a conservative character; it is generally
found that when the consumption in these
countries overage, and the trade in the country
shows excessive demand over previous condi-
tions, they are apt more or less to exceed
their demands in placing their orders, and
when a new season, there cannot be too
social activity in their requirements, and I
any surplus that may have accumulated, has
been disposed of; in addition to this, a
marked increase in the price of new cotton
necessity as and considerable portion of
the part of those who were in a position to
buy more freely. The average increase in the
price of cotton for the year just ended,
shows over three cents a pound.-- while against
the seasons work we have also had the increase
in wages for the whole year, and an advance in
the price of general supplies, (such as dye
stuffs, coal, &c) all this was more or less
unfavorable to the maintenance of the large
deliveries for the preceding year (the largest
in the existence of the company) was \$100,000.

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\$670,000.00 ahead in deliveries of the previous year. These two large seasons deliveries made it somewhat unlikely they could be uniformly maintained. Our deliveries for last year are \$2,428,880.41 against \$2,529,696.79 the previous year (being a decrease of \$100,816.38).

The production of the mills shows a fairly good average, but as our deliveries were less, and our stock of manufactured goods over, the previous year, we have now decided to curtail the production, with a view of reducing stock, and thereby curtail our interest account, &c. The continued depression in Textile fabrics (more particularly in the United States) has tended to cause us some considerable uneasiness, as well as loss, preventing us from taking the full advantage of our own market as to values, some goods from that market having been placed here at very low prices. The decrease in the tariff to 23-1/3% with which we have had to cope during the whole of the past season has not been favourable, thereby giving the English, (as well as the German manufacturers, through them) an opportunity of placing more goods in this market, largely through the English retail dealers.

the 1930, 1931 and 1932 in deliveries of the
the 1930 year. These two large seasons de-
liveries made it somewhat unlikely they
could be uniformly maintained. Our deliveries
for last year were 12,443,000.41 against
12,123,000.45 the previous year, being a de-
crease of 320,000.46.

The production of the mills shows a
fairly good average, but as our deliveries
were less, and our stock of manufactured goods
over, the previous year, we have not decided
to curtail the production, with a view of
maintaining our stock, and to meet the demand
for our goods, as the demand for goods in
in textile fabrics (more particularly in the
United States) has tended to cause us some
considerable losses, as well as loss, and
ventures us from losing the full advantage of
our own market as to values, some goods from
that market having been placed here at very
low prices. The decrease in the tariff to
copy with which we have had to cope during
the whole of the past season has not been
favourable, thereby giving the market
(as well as the German manufacturers, the
market in Germany of which our goods
in this market, largely through the British

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We have pleasure in stating the properties of the Company are now in a very satisfactory condition, moreover less changes are required, as usual in manufacturing such, so as to give us the best results as to cost.

Taking a manufacturing estimate of the cost of the goods, during the past year on the basis of the previous year's cost of supplies, it shows a still further reduction in the cost of manufacturing of about half a cent per pound; this, with the reduction made in cost of manufacturing during previous seasons, is the result entirely of the increase efficiency of the plant and properties.

The Company's indebtedness to our bankers and others while moderate, are a little in excess of the previous year. This arises from the increase in our stocks of manufactured goods, as well as the fact that we are carrying our entire stock of cotton on this side instead of (as in previous years) a portion being stored in the United States.

We are pleased to say our manufactured goods in stock are in first class condition, being free from all old or jobbish goods. Our orders for the Fall are fairly well placed, and we have reason to anticipate a reasonable Fall trade.

— 1960 —

The net profits for the year were \$328,334.67 after deducting the necessary int rests on bonds of \$117,000.00, interest charges and other expenses amount to the sum of \$211,334.67 of which \$108,000.00 (being 4% on the subscribed capital of the Company) has been paid to the stockholders making a balance to be carried forward to the credit of Profit & Loss Account \$103,334.67.

The amount at the credit of Profit & Loss account now stands at \$1,128,178.90."

The Annual Meeting held on the 29th of May, 1902;

"In our last Annual Report we called your attention to the then existing condition of the trade, there being very decided signs of a curtailment of consumption, doubtless consequent on the large deliveries that had taken place (more particularly in Textile goods) for the preceeding 18 months or two years. Our expectations have been more or less fully realized, the somewhat large stock which we at that time had on hand, and the previous large deliveries indicated that the trade had been more or less fully supplied and this, in connection with the very decided advance in the price of raw cotton and general supplies, convinced us that a very prudent and careful policy should certainly govern the management of the Company's business. We therefore determined that we should make

The net profits for the year were \$108,834.44.
After deducting the necessary late costs of bonds
of \$17,000.00, interest charges and other ex-
penses amount to the sum of \$21,384.44 of which
\$108,834.44 (being 4 on the undersigned capital
of the company) has been paid to the stockholders
making a balance to be carried forward to the
credit of Profit & Loss Account \$108,834.44.
The amount of the credit of Profit & Loss
account now stands at \$1,128,178.99.
The annual meeting held on the 27th of May, 1902;
"In our last annual report we called your
attention to the then existing condition of the
trade, there being very decided signs of a con-
tinuation of depression, and the consequent
on the large deliveries that had taken place
(more particularly in textile goods) for the
proceeding 18 months or two years. Our expecta-
tions have been more or less fully realized,
the somewhat large stock which we at that time
had on hand, and the previous large deliveries
indicated that the trade had been somewhat less
fully supplied and this, in connection with the
very decided advance in the price of raw cotton
and various supplies, has had a very
prominent and careful policy should certainly
govern the management of the company's interests.
We therefore determined that we should have

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Watson

every effort to keep under to the very lowest possible extent our stock of manufactured goods. We were not anxious to be caught with heavy stock of such, manufactured from high priced cotton and supplies, without something more positive as to future values - (more particularly of raw cottons) we consequently reduced our output to a considerable extent during four or five months of last summer - with the result that we have been enabled to reduce our stock of goods considerably, as the annual statements indicates. As a matter of course, the reduction of our production necessarily involved a considerably higher cost of manufacturing and decrease in profits, while at the same time this was largely supplemented by the influx of foreign goods, under the present unsatisfactory tariff (a condition of things which to the mind of all interested in the well being of this country is certainly most unsatisfactory.)

We have pleasure in again stating that the properties of the Company are in a most satisfactory condition. Constant additions and changes are necessarily required and always will be in the acquirement of the most recent appliances and in general repairs, etc.

The Company's indebtedness to our bankers

every effort to keep under to the very lowest possible extent on stock of material and so on. We were not anxious to be caught with a heavy stock of goods, which would have been raised cotton and materials, without generating more positive as to future values - (more particularly of raw cotton) as consequently reduced our output to a considerable extent during four or five months of last summer - with the result that we have been enabled to reduce our stock of goods considerably, as the summer business improved. The reduction of our production necessarily involved a considerably higher cost of manufacturing and decrease in profits, while at the same time this was largely supplemented by the influx of foreign goods, under the present manufacturing tariff as condition of this relation to the mind of all interested in the well being of this country is certainly most satisfactory.)

We have pleasure in again stating that the properties of the company are in a most satisfactory condition and will continue to be so. The company will be in the possession of the most recent machinery and in general condition, and will be in a position to produce the most satisfactory results.

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and others are as before, of a very moderate character.

It has been our pleasure to state on many previous occasions that our stock of goods is in first class condition. We are carrying absolutely no old or undesirable stuff.

The net profits for the year are \$221,807.95, the interest on bonds of \$111,000. and the amount of \$108,000.00 (being 4% on the subscribed capital of the Company) has been paid to the stockholders as usual.

The amount at the credit of Profit & Loss account stands at \$1,130,986.85."

Q. Mr. Watson, this book that I show to you is one of the Minute Books of the Canadian Colored Cotton Mill Limited? A. Yes sir.

Annual Meeting, 26th May, 1903:

"As indicated at our last Annual Meeting the general condition and outlook of the trade was such as to demand careful and conservative action and although the deliveries for the past year have been in excess of the previous year, still our expectations as to profits, have not been realized as fully as we anticipate.

The continued high price of raw cotton, and of general supplies, is naturally of profit; while we show an increase in production and deliveries at the continued minimum cost

and a large number of the same...

it was found that the same...

the same...

in that case...

entirely so...

The net profits for the year are...

1907, 1908, 1909, the interest on bonds of \$11,000...

and the amount of \$108,000.00 (being 44 on...

the subscribed capital of the company) has been...

and to the stockholders as such...

The amount at the end of the year is...

amount stands at \$1,100,000.00...

in the year, and took that I show to you...

is one of the kind of the same...

Robert Hill Limited...

General condition and outlook of the same...

was such as to demand careful and conservative...

action and although the deliveries for the year...

year have been in excess of the previous year...

still our expectations as to profits, have not...

been realized so fully as we anticipated...

the continued high price of raw cotton...

and of other materials...

profits; while we have not been in production...

and have been at the same time...

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of the same, the persistent importation of goods from the European and American markets, simply made it impossible for us to obtain even the reasonable prices we expected and should have had.

Perhaps there has never been in the history of manufacturers generally such a stagnation and depression in values,--more particularly in English, German and American textile goods, as has existed there for the past year, and which we regret to say, is still of a most emphatic character, notwithstanding the large advance in the value of Cotton, similar goods to those being manufactured by this Company, are being imported at values much below what the increased cost would indicate. We have no disappointment to express in connection with the manufacture/s of the Company,--the goods are to the fullest extent taken by the trade - perfect satisfaction is expressed regarding them, the whole difficulty being in connection with the import duties of the Country.

The preference granted to England not only covers the production of that country but a large amount of German and Belgian goods are being brought in here and placed on this market, through England, under the favoured privilege clause.

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goods from the European and American markets,
it is impossible for us to obtain even
the reasonable prices we expected and should
have had.

Perhaps there has never been in the history
of manufacturing generally such a stagnation
and depression in values, more particularly
in English, German and American textile goods,
as has existed there for the past year, and
which we regret to say, is still of a most
emphatic character, notwithstanding the large
advance in the value of cotton, similar goods
to those being manufactured by this Company,
and being imported at values much below what
the increased cost would indicate. We have
no disappointment to express in connection with
the manufacturing of the Company,--the goods
are to the fullest extent taken by the trade --
perfect satisfaction is expressed regarding
them, the whole difficulty being in connection
with the import duties of the country.

The preference granted to England not

country but a large amount of German

and Belgian goods are being brought in

here and placed on this market, through

England, under the favored privilege clause.

At the present time there is but little indication of any reduction in the price of cotton but it is quite evident that the very large recent advance is more or less of a speculative character. Fortunately we have a fair stock on hand purchased at reasonable prices.

During the month of March we were subjected to an indication of the present unsettled condition of the labour market by a complete strike at the St. Croix Mill for a large advance in wages. This lasted for about three weeks and although the closing of the Mill necessarily led to considerable loss to the Company, it was necessary to persist in a refusal, as the giving way there would have led to a repetition throughout all our mills, as well as others making similar goods in the country. No advance was granted.

Some of you are doubtless aware also of the large importations to the retail trade direct, through the general and manufacturing houses of Europe and the States. These necessarily fill up a certain portion of the trade which should be supplied by the home manufacturers, and that the present low values of goods in these markets make it more fully a serious factor in the position of the limited protection

at the present time there is but little
indication of any reduction in the price of
cotton but it is quite evident that the very
large recent advance is more or less of a
speculative character. It is impossible
to tell at this time whether the advance is
justified.

During the month of March we were im-
posed to an indication of the present im-
balance in the cotton market. It is
impossible to state at this time whether the
large advance in prices is justified for
about three weeks and although the advance of
the fall necessarily led to considerable loss
to the grower, it was necessary to permit in
the fall, as in the spring, and there would
have led to a repetition throughout all our
mills, as well as others making similar goods in
the country. It is evident that the

Some of you are doubtless aware also of
the fact that the cotton market is in a
direct, through the general and manufacturing
branches of Europe and the States. There is
nearly all in a certain portion of the trade
which should be supplied by the home manufac-
ture, and that the present low value of goods
in these markets make it more fully a serious
factor in the position of the limited protection

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granted us.

We have pleasure in stating that the properties of the Company are in every way in a most satisfactory condition. We are most careful in maintaining the general repairs and any such changes and additions as are necessary, so that the lowest cost in production may be maintained.

In common with others in the trade, we were extremely anxious that the Government would have considered the condition of manufacture in this Country and granted even some moderate relief but, in common with others, in that we have been disappointed, although we used all means in our power to endeavour to get them to grant the necessary aid. The whole question is simply one of values. With the low cost of manufacture that has been arrived at and a reasonable amount of intelligence in connection with the manufacture of such goods in this country, the simple difficulty rests as to the question of value as against outside markets with their special advantages, of which you are all cognizant.

The net profits for the year are \$223,683.11. The interest on Bonds \$111,000.00 and the amount of \$108,000.00, being the dividend on the capital stock of the Company has been paid as

2. United States

to have pleasure in stating that the
 proposed time of the company and in every way
 and most satisfactory condition. We are
 most careful in maintaining the general repairs
 and any such changes and additions as are
 necessary, so that the lowest cost in produc-
 tion may be maintained.

In common with others in the trade, we
 were extremely anxious that the Government would
 have considered the condition of manufacture in
 this country and granted even some moderate
 relief but, in common with others, in that we
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 means in our power to endeavor to get them to
 grant the necessary aid. The whole question
 is simply one of value. With the low cost of
 manufacture that has been achieved at and a
 condition with the manufacture of such goods in this
 country, the simple difficulty rests as to the
 question of value as against outside markets
 with their special advantages, of which you are

The interest on bonds \$11,000.00 and the amount
 of \$108,000.00, being the dividend on the

usual.

The amount at the credit of Profit & Loss
Account stands at \$1,135,669.96.

(Page 6110 follows:

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The amount of the balance of 1900 is \$100.00
and the amount of the balance of 1901 is \$100.00

(Total 1900-1901)

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The annual general meeting on the 27th day of May, 1904.--

"When we last met the general condition and outlook of trade was such as to demand careful and conservative action insofar as the manufacturers of this country were concerned, more particularly, seeing that a decided reaction had taken place, and which has continued ever since in the European as well as in the American markets. In addition to the above, the continued abnormally high price of raw cotton, and of supplies generally, has certainly not been favourable to large profits. While we have been able to maintain a reasonable production at minimum cost of manufacturing the continued large importations from the outside markets above named, has made it simply impossible for us to obtain even the reasonable advances demanded consequent upon the high cost of raw materials.

Although, as you all have been doubtless fully advised of the large speculation value of cotton almost during the entire past season similar goods to those being manufactured by us have been and are being imported at values greatly below the increased cost as indicated; this may arise in some measure from low priced cotton having been held by some manufacturers but mainly the result of the general depression in the demand for textile goods.

The annual general meeting on the 27th day of

1904.

When we last met the General Convention in 1903, the look of things was such as to demand serious and constructive action in order to meet the requirements of this country more effectively, more particularly, seeing that a decided reaction had taken place, and which was continued ever since in the European as well as in the American markets. In addition to the above, the

continued abnormally high prices of raw cotton and of spinnings generally, has certainly not been favorable to large profits. While we have been able to retain a reasonable production at minimum cost of manufacturing and continued for a long time from the outside market, we were in a fairly important position to obtain even the reasonable average demand consequent upon the high cost of raw materials.

Although, as you all have been doubtless fully advised of the large association value of cotton almost during the entire past season, it is a fact to those being represented by us here and are being benefited by the fact that in some measure from the prices cotton having been sold by some manufacturers but which the benefit of the same is not being received by the same.

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Dawson,

"We have sought to maintain the general desirable character of our goods and they continue to be received with perfect satisfaction by the trade. The sole difficulty as to the quantity being to a degree circumscribed as to amount, is simply the low values of imported goods, in connection with the limited protection in customs duties granted to us.

During the past season we have found on certain classes of our finer textures, the preference granted nominally to England, but covering to a considerable extent the manufactures of other European countries, has been most severe. In the item of gingham, and finer dress goods, etc. we have experienced this competition to a very marked degree while in the heavier weight goods, such as denims, pickings, shirtings, etc. the market stagnation in the American market, coupled with the low cost of the Southern Mills goods, has resulted in large quantities being placed in Canada, not only as piece goods, but also to a very considerable extent in manufactured garments, much to the detriment not only of ourselves as manufacturers of piece goods, but also to those of our friends who are converters into garments, etc.

At the present time there is but little indication of any substantial reduction in the price of cotton, while future values have reduced more or less. Cotton required for immediate consumption is maintained at a steady high valuation.

"As mentioned to you at our last annual meeting, we had then a somewhat severe and prolonged strike at the St. Croix mill for an advance in wages; this, as then stated was resisted. It was, however, maintained during a portion of the present season but ended without any advance being granted; this necessarily led to a decrease in production, as well as profit.

At the same mill of the company we were compelled to close down owing to low water for some weeks. This was so general throughout the country, that it was nothing special to us at Milltown. It was still however one of the factors in connection with the year's work.

During the past year, we have been subject to a severe shortage of help, both at Hamilton and at Merritton. This has arisen more particularly at Hamilton from the somewhat marked increase in manufactures of various kinds being started in that city causing a largely increased demand for help, which up to the present year we had not experienced in such a marked manner as during the past season.

Our stock of manufactured goods is in most excellent condition being absolutely free from any undesirable or jobbish lines, and with a view to keeping the stock as low as is consistent with the assortment, and the demand necessary, we are at the present time running more or less on short time, not deeming it advisable to have any marked

"As mentioned to you at our last annual meeting, we had been a somewhat severe and prolonged strike at the St. Croix mill for an average in wages; this, as then stated was resisted. It was, however, maintained during a portion of the present season, but ended without any advance being granted. This necessarily led to a decrease in production as well as profit.

At the same time of the company we were obliged to close down owing to low water for some weeks. This was no general throughout the country, but it was nothing special to me at Milltown. It will however one of the factors in connection with the year's work.

During the past year, we have been subject to severe shortage of help, both at Hamilton and at Burlington. This has arisen more particularly at Hamilton from the somewhat marked increase in manufacture of various kinds being started in that city causing a largely increased demand for help, which up to the present year we had not experienced in such a marked manner as during the past season.

Our stock of manufactured goods is in most excellent condition being absolutely free from any unsatisfactory or jobbed lines, and with a view to keeping the stock as low as is consistent with the demand, and the demand necessary, we are at present time running none or less on short time, and meaning is available to have any marked

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"accumulation with the continued high price of raw material.

5 The continued large importation by the retail trade direct through the manufacturing houses in Europe and the United States, is necessarily not in favour either of the home manufacturer, or the wholesale distributor. It is however a serious thing in connection with the limited protection granted to us, and the low values at which the goods are being imported.

10 We have pleasure in stating that our properties are in a most satisfactory condition; we have been at all times solicitous of maintaining general repairs and any changes or additions that were absolutely necessary without undue outlay so that we might arrive at as low a cost of production as possible.

15 It seems almost superfluous to again repeat our anxiety that the government would give a favourable consideration to the condition of the textile manufacturers in this country, and grant even some moderate relief in this connection.

20 Outside of meeting the government with others similarly situated we have had several private interviews with them in our endeavour to get them to grant us the necessary aid.

25 As you are aware, at the present time of meeting, the Government have not yet indicated their fiscal policy or their intention in this direction. We trust however that they may

connection with the continued high price of raw
materials.

The continued large importation by the retail
trade direct through the manufacturing houses in
Europe and the United States, is necessarily not
in favour either of the home manufacturer, or the
wholesale distributor. It is however a serious
thing in connection with the limited protection
granted to us, and the low values at which the
goods are being imported.

We have pleasure in stating that our property
are in a most satisfactory condition; we have had
at all times solicitors of maintaining general
repairs and any changes or additions that were
absolutely necessary without undue delay so that
we might arrive at as low a cost of production as
possible.

It is one almost superfluous to say in regard
our anxiety that the Government would give a
favorable consideration to the commission of the
textile manufacturers in this country, and that
even some moderate relief in this connection.
Outside of meeting the Government with others
similarly situated we have had several private
interviews with them in our endeavour to get the
to grant us the necessary aid.

As you are aware, at the present time of
the Government have not yet indicated
policy or their intention in this
matter.

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Dawson,

"Favourably consider the reasonableness of our requirements, and the need of giving such relief to the large amount of capital invested as to enable us to continue with the result of at least being able to present to the owners of the properties some return for the heavy investments made.

The net profits for the year are \$224,805.37. Interest on bonds \$111,000 and the amount of \$108,000 being the dividend on the capital stock of the company, has been declared as usual. The amount at the credit of profit and loss account stands at \$1,141,475.33."

The annual meeting on the 25th day of May, 1905--

"At our last general meeting, we brought before you the conditions of the cotton trade, as then existing, demanding from all interested therein, very careful and conservative action, there being more than one feature in connection with what was then regarded, and has still continued to produce more or less unsatisfactory results to manufacturers.

At the time we last met the price of raw cotton was about 13 $\frac{1}{2}$ ¢ per pound; at the present and during the past months, the price has remained more or less in the neighbourhood of 8 $\frac{1}{2}$ ¢ to 8 $\frac{1}{2}$ ¢ cents. It will be easily perceived that such a marked decline would necessarily lead to great care and reluctance on the part of the purchasers of the goods to buy caused by the continued shrinkage in the value of raw material, which necessarily led to a consider-

NEW YORK,

1905

"favorably consider the reasonableness of our
 requirements, and the need of giving such relief
 to the large amount of capital invested as to
 enable us to continue with the result of at least
 being able to present to the owners of the property
 some return for the heavy investments made.
 The net profits for the year are \$224,408.37.
 Interest on bonds \$11,000 and the amount of
 \$108,000 being the dividend on the capital stock
 of the company, has been declared as usual.
 The amount of the credit of profit and loss
 account stands at \$1,141,475.38."

The annual meeting on the 25th day of May, 1905--
 "At our last general meeting, we brought before
 you the conditions of the cotton trade, as then
 existing, demanding from all interested therein
 very careful and conservative action, there being
 much that was in a state of uncertainty and
 was then reported, and has still continued to
 produce more or less unsatisfactory results to
 the industry."

At the time we last met the price of raw cotton
 was about 18 1/2¢ per pound; at the present and
 the past market, the price has remained more or
 less in the neighborhood of 8 1/2 to 9¢ cents.
 It is easily perceived that such a marked de-
 crease in the price of raw cotton will have a
 very serious effect on the industry of the South
 and the West, and it is the duty of the Government
 to take such action as may be necessary to
 protect the industry of the South and the West
 from the effects of such a marked decrease in the
 price of raw cotton."

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"able reduction in the value of manufactured goods being offered for sale.

During the first six months of the company's business we deemed it advisable to curtail production as largely as we could, so that our stock of manufactured material might be kept at the minimum. This, in the class of goods manufactured by this company, is a somewhat difficult matter (as some of those who are listening to me know full well) the absolute need of keeping an assortment more or less ready for delivery of the large variety of coloured fabrics manufactured at our mills. Still we were more or less able to accomplish our purpose. During the latter six months just ended and covered by the statement now to be presented to you while we have been reasonably busy, still the continued reduction in the price of the raw material, as well as other causes, which it has been somewhat difficult to get at, did not produce the expected demand which we anticipated. Doubtless had we been favoured with warmer weather in the early spring, this, to a considerable extent would have been overcome, but even up to the present there is a marked absence of that active demand which we have enjoyed in previous years during the same months. We are fully advised that not only the wholesale distributor, but also the retailers stocks are comparatively short of goods and with more favourable weather would doubtless have a most distinct favourable impression

"on the general business of the company on all classes of manufactured fabrics.

"e have again to repeat what we have been suffering from during previous years, namely, the continued importations of the heavier classes of cotton fabrics from the U.S. at sacrifice prices, while the finer lines of gingham and other dress goods, of which we are large makers, are being brought in from Great Britain and Europe at low values, and under the special preference granted to those that are supposed to be of British manufacture. This is clearly indicated in the government records, blue book.

As stated also in previous years, in addition to the ordinary piece goods being imported all conversant with the market here are fully advised of the great increase in the importation of manufactured goods in garments of different kinds. This necessarily is also very detrimental to us as manufacturers of goods in the piece while the labour required in the preparation of the garments is lost to the country as well as that in the manufacturing of the materials used. In this connection we have to report, as on former occasions, that we have in common with others interested in like manufactures, brought the above conditions as clearly, distinctly and forcibly as possible to the attention of the government. We have been privileged to have several private interviews, specially dealing with the matter, with

on the general business of the company on all

of the company's business.

we have again to repeat what we have been

advising from the first of the year, that

continued importation of the heavier classes of

goods from the U.S. is a matter of

while the first lines of goods and other

goods, of which we are large makers, are being

through in from Great Britain and Europe at low

prices, and we are the only ones who are

to those that are supposed to be of British

manufacture. This is clearly indicated in the

present market, I am sure.

we stated also in previous years, in addition

to the ordinary piece goods being imported all

concurrent with the market here are fully

of the great increase in the importation of many

of the goods in the market at present.

This necessarily is also very detrimental to us

as manufacturers of goods in the place while the

labor required in the preparation of the goods

is lost to the country as well as that in the

manufacturing of the materials used. In this

connection we have to report, as on former

occasions, that we have in common with others

interested in like manufactures, brought the

above conditions as clearly, distinctly and

as possible to the attention of the Government.

we have been advised in the past that

manufactures, especially those of the

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"the Government and aided by friends of the Government, but up to the present no relief has been granted. Whether this may form a portion of the policy of the Government, when the financial statement usually presented by the Finance Minister appears, we have no knowledge of at present. The advance asked for by ourselves, as well as those interested in the other cotton fabrics, was so moderate and reasonable that we had strong hopes from statements presented to us more or less direct from friends of the Government, might be granted. We trust it may.

As indicated also at the last meeting, we are still suffering from a shortage of help, at all the mills in fact, outside of those situated at Cornwall. The development of other industries at Hamilton and elsewhere has more or less been the cause of this condition. We have brought out a considerable number of families from England and are at the present time still doing so. We trust that during the present year we may be able to overcome this difficulty to a considerable extent.

During the last twelve months --

THE COMMISSIONER: What is that about bringing families over from England?

SECRETARY WHITLEY: "We have brought out a considerable number of families from England".

THE COMMISSIONER: What is just before that?

SECRETARY WHITLEY: "The development of other industries at Hamilton and elsewhere has more or

"The Government and aided by friends of the Government, but up to the present no relief has been
... whether this may form a portion of the
policy of the Government, when the financial
statement recently presented by the Finance Minister
appears, we have no knowledge of its content. It
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interested in the other cotton industry, was so
moderate and reasonable that we have agreed upon
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... we trust it may.
We indicated also at the last meeting, we are
still suffering from a shortage of coal, still
the mills in fact, outside of those situated
at Cornwall. The development of other industries
at Hamilton and elsewhere has more or less been
the cause of this condition. It is now brought
a considerable number of families from the island
and are at the present time still doing so. We
first first during the present year we may be able
to overcome this difficulty to a considerable
extent.
During the last twelve months --
The Commission: That is what about bringing
families over from England?
SECONDARY: "We have brought out a con-
siderable number of families from England."
The Commission: That is just before that?

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"less been the cause for this condition.

During the last twelve months work we have been able to effect a considerable saving in the general expenses of the company which was beyond our power up to the last time we met and which has also led to a very distinct and marked improvement in the general condition of the company's business and properties.

At our last meeting, we advised that for reasons then given, we felt it in the interests of the company to acquire the Woollen Manufacturing Company's mill at Cornwall, which had gone into liquidation and was offered to us at a very low valuation. Since then we have very fully considered the advantage of having procured this property, and also the desirability of concentrating our manufacturing as much as possible and are at the present time making changes, which can be explained more fully by the chairman, then stated in writing, but all of which when completed will be a very important factor in the economical working of the whole of the company's mills.

Our stock of manufactured goods although owing to the sluggish demand during the past months are somewhat larger than this time in the previous year, is as before, in every way of a most desirable character, no inferior or jobbish goods being carried.

As above stated, we anticipate with the return of warm weather a continued fairly active demand during

"I have been the same for this condition."

During the last twelve months work has been done
able to affect a considerable saving in the general
expenses of the company which has been also paid
up to the last time we met and which has also led
to a very distinct and marked improvement in the
general condition of the company's affairs and

the result.

At our last meeting, we advised that for reasons
then given, we felt it in the interests of the com-
pany to acquire the vacant manufacturing company
will be profitable, which has gone into liquidation
and was offered to us at a very low valuation.

Since then we have very fully considered the value
take of having procured this property, and also
the desirability of concentrating our manufacturing
as much as possible and one of the present time
making changes, which can be explained more fully
by the chairman. I am stated in writing, but all
of which when completed will be a very important
factor in the general welfare of the whole of

the company's affairs.

Our stock of manufactured goods although owing
to the slight increase during the past months and
however slight, has been a great help to the
year, in as far as, in every way of a most general
character, we have been able to

carried.

As a result of the above, we have been able to
and we have been able to

"the summer months which with values reasonably satisfactory, should yield a fair profit to the manufacturer, as well as to those handling the same outside of ourselves.

The properties of the company have been in every way maintained in a satisfactory condition, and are at the present time more so than at any time during the history of this company so that we may reasonably expect in an increased production the full benefit of the low cost we have been endeavouring to arrive at.

The net profits for the year are \$201,092.20. Interest paid on bonds \$111,000 and the amount of \$90,092.20 has been carried forward to the credit of profit and loss account which now stands at \$1,231,567.53."

Fourteenth annual meeting on the 29th of May, 1906.

"When we met here on the 25th May last the conditions were somewhat different from what they have been during the past year and what they are to-day. At that time our raw material was at the very low price of 8½¢ it having fallen during 1904 from 13½¢ and even as high as 16 and 17 cents at times down to the point mentioned.

This low price was not of long continuance as quickly by speculative action and a somewhat distinct revival in business both in U.S. and Europe caused a considerable advance, largely maintained during the year.

At the present time the price of cotton varies

"The summer months which with values reasonably
estimated, should yield a fair profit to the
manufacturer, as well as to those handling the
same outside of ourselves.

The properties of the company have been in every
way maintained in a satisfactory condition, and
are at the present time more so than at any time
during the history of this company so that we may
reasonably expect in an ordinary production for
this season of the year to have our production
line to arrive at.

The net profits for the year are \$201,032.50.
Interest paid on loans \$117,000 and the amount of
\$20,032.50 has been carried forward to the credit
of profit and loss account which now stands at
\$1,231,007.50."

Fourteenth annual meeting on the 24th of May, 1906.
When we met here on the 24th May last the conditions
were somewhat different from what they have been
during the past year and what they are to-day.
At that time our raw material was at the very low
price of 8 1/2¢ it having fallen during 1904 from
18 1/2¢ and even as high as 16 and 14 cents at times
down to the point mentioned.

This low price was not of long continuance
entirely by speculative action and a somewhat
distinct revival in business both in U.S. and
Europe caused a considerable advance, largely
maintained during the year.

At the present time the price of cotton was

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"from 11½ to 12½ cents according to grade required. As these high prices have prevailed somewhat fully during the year it necessarily became a serious factor as to profits of manufacturers, the difficulty as usual being the impossibility of procuring an advance on manufactured goods equal to the increased outlay. These sudden fluctuations prove very detrimental to the general tone of business and the confidence which it is necessary to have the purchaser entertain in making his selection.

In common with all classes of manufacturing, we have during the entire year suffered in connection with the scarcity of help. While we have endeavoured to run the mills to the fullest capacity we dare do as to time limits the difficulty of procuring labour necessarily affected our production. This, however, has not been confined to us, but has been an important factor in all manufacturing concerns, of all kinds, especially throughout the American Continent. Our deliveries, however, have been considerably in excess of the previous year.

When we met last our stock was heavier than in 1904. At the close of the current year, March 31st, it is about \$200,000 less. Had we been able to procure even an advance in reasonable accord with the difference in the price of raw material, wages and supplies, our returns would have been in every way much more substantial.

"from 15 to 25 cents according to grade received."

"In 1907 the price was 10 cents (100 lbs.) and

during the year it necessarily became a serious

factor as to waste of material, the difficulty

as well as the impossibility of procuring an

advance on the material goods sent to the

factory and the necessity of procuring

prove very detrimental to the general tone of

business and the confidence which it is necessary

to have the purchaser entertain in making his

purchase.

In common with all classes of manufacturing,

we have during the entire year suffered in some

with the scarcity of help. While we have endeavored

to run the mill to the fullest capacity we

were able to time twice the quantity of product

the former necessarily suffered our production.

This, however, has not been confined to us, but

even an important factor in all manufacturing

concerns, of all kinds, especially throughout the

country.

We have been considerably in excess of the previous

year.

"Then we see that our stock was heavier than

1906. At the close of the current year, 1907,

also, it is about \$200,000 less. Had we been able

to procure even an advance in reasonable accord

with the difference in the value of the material

we had consumed, our factory would have

been in a very different position.

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" As you are aware we had an opportunity of presenting our interests to the Commission appointed by the Government. As usual the hearing was patient and respectful, but left no distinct impression on our minds, nor the opportunities we have had of seeing members of the Government since, that any marked increase in protection might be afforded us, if any.

We then embraced the opportunity of presenting to the Government more particularly the sacrifice in the profits of our finer lines of goods which owing to the special preference granted to British manufacturers, we are direct and severe sufferers therefrom.

The continued heavy importations of the heavier classes of fabrics from the U.S. exists in many cases not so largely as previously on piece goods but to a large extent on garments manufactured from the special lines on which we largely depend. These goods are brought in at very low prices. Many of them are made, in fact, from jobbish goods and enjoy the benefit as to cost of the low class foreign labour in New York, Philadelphia and other manufacturing points. So that the manufacturers of these goods with us here feel this drain upon their productions severely while we as manufacturers of their raw material suffer likewise.

Our long extended frontier necessarily presents many favourable opportunities for doubtless large

As you are aware we had an opportunity of
presenting our interests to the Commission appointed
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participated respectfully, but left no doubt
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since, that any marked increase in protection
might be afforded us, if any.

We then embraced the opportunity of presenting
to the Government more particularly the sacrifices
in the production of our finer lines of goods which
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manufacturers, we are obliged and severe sacrifices
therefrom.

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classes of fabrics from the U.S. exists in many
cases not so largely as previously on piece goods,
but to a large extent on garments manufactured
from the special lines on which we largely
depend. These goods are brought in at very low
prices. Many of them are made, in fact, from
Japanese goods and enjoy the benefit as to cost
of the low class foreign labor in New York,
Philadelphia and other manufacturing points.
So that the manufacturers of these goods with us
have been able to obtain their production
cheaply while we as manufacturers of their raw
materials suffer likewise.

Our long extended frontier necessarily presents
many favorable opportunities for business in

"quantities of goods being brought in absolutely free from any customs duty.

Since last we met, the company has accomplished the removal of the plant in the Merritton Mill to Cornwall thereby utilizing to the fullest extent the acquirement of the new mill now known as the 'Dundas' in that town.

The two properties held by the company on the Welland Canal have now been disposed of and await the action of the Government as to the renewal of the leases of the water powers to close the transaction, the proceeds of which will be credited to plant account. The Board of Management are greatly pleased at being able to carry through this change.

We have now disposed of three of the outside mills, two of which were absolutely non productive while the other, the Merritton Mill, owing to the scarcity of help in that district, was of no special strength to the company. The properties of the company are now at Hamilton, Cornwall and Milltown, New Brunswick. By this concentration we hope to make a reduction in the cost of manufacture.

Of course the matter of wages, price of raw material, cotton supplies, will always be an important point to which we will be more or less subject.

Our stock of manufactured goods is considerably lower than at this time last year. It is in absolutely good order. We have no inferior or jobbish goods on hand.

"quantities of goods being brought in and sold."

tree from an enormous tree.

Since last we met, the company has accomplished

the removal of the plant in the Hamilton Mill

to Cornwall thereby allowing to the fullest extent

the settlement of the new mill now known as the

'Lumber' in that town.

The two properties held by the company on the

Bellevue Canal have now been disposed of and sold

the action of the Government as to the removal

of the lease of the water power to close the

transmission, the process of which will be credited

to plant account. The Board of Management are

greatly pleased at being able to carry through the

change.

"We have now disposed of three of the outfalls

mill, two of which were absolutely non-productive

while the other, the Hamilton Mill, owing to the

scarcity of help in that district, was at no time

available to the company. The properties of the

company are now at Hamilton, Cornwall and Millers

New Brunswick. By this concentration we hope to

make a reduction in the cost of manufacture.

Of course the matter of wages, prices of raw material

will be important, all things being equal.

to which we will be more or less subject.

Our stock of manufactured goods is considerable

less than at this time last year. It is in the

unusually good order. We have no inferior or job

goods in stock.

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" It might be stated that the character and standing of our goods in the market have always been a jealous matter with us and we think that we occupy a position where no opinion can be entertained to the contrary.

The Board have thought it advisable to declare a dividend of two per cent. We would have liked to have made it larger but deemed it wise to be prudent and careful.

The net profits for the year are \$262,186.68. Interest paid on bonds \$111,000, dividend, \$54,000 and the amount of \$97,186.68 has been carried forward to the credit of profit and loss account which now stands at \$1,328,754.21 as against \$1,231,567.63 the previous year."

THE COMMISSIONER: What was the rate of the dividend there, two per cent?

MR. McRUER: Two per cent. The directors elected for the year were Mr. D. Morrice, Sir George Drummond --

THE COMMISSIONER: Sir George who?

MR. McRUER: Drummond; Mr. Theophilus King, E. S. Clouston, Senator Beege, D. Morrice, Jr., and George Caverhill. Is George Caverhill still living?

A. Yes, still in the company.

Q. He was one of the original syndicate, wasn't he?

A. There is no syndicate of this company. I think you said he was in the textile syndicate.

Q. Was he not one of the original directors at the inception of this company?

A. Yes.

... Was he not one of the original directors of

Q. He probably can tell us about the terms on which this company bought out the other company?

A. He probably could if he would remember. He is not particularly strong physically, unfortunately.

5 SECRETARY WHITELEY: 15th annual meeting, 23rd of May, 1907 --

"The President read the fifteenth annual report of the directors of the company which shewed a most successful year's business. The net profits amounted to \$257,576.43 against \$262,186.68 the previous year.

10 Sales were \$3,172,841.16 against \$2,896,554.79 the previous year and the stock of manufactured goods \$390,850.47 against \$622,134.24 on hand at 31st March, 1906.

15 In consequence of the high prices paid for raw cotton in the spring of last year the profits were not so large as might be expected. The mills continue to be kept at the highest point of efficiency a new plant being installed for the dyeing of yarn in"--

20 THE WITNESS: Cones.

25 SECRETARY WHITELEY: "Cones, the patent rights for Canada being purchased by this company.

A great saving in cost of dyeing is expected from this new method."

MR. McRUER: A great change has taken place here. We miss the annual newsy columns.

30 SECRETARY WHITELEY: The 16th annual meeting and special general meeting on the 28th day of May, 1908.

...he probably can tell us about the terms on which this contract should be made out to the company? ...not particularly strong financially, unfortunately.

May, 1907 --

"The President read the thirteenth annual report of the directors of the company which showed a most successful year's business. The net profits amounted to \$227,175.44 against \$212,186.00 the previous year.

The previous year and the stock of the company was \$220,000.00 against \$222,184.44 on hand at first March, 1906.

In consequence of the high prices paid for cotton in the spring of last year the profits were not as large as might be expected. The mills continue to be kept at the highest point of efficiency a new plant being installed for

For Canada being purchased by this company. A great saving in cost of buying is expected from this new method."

...the annual new columns.

SECTIONAL REPORT: The 18th annual meeting

...the 18th day of May, 1907.

"We are pleased to be able to say that taking the year as a whole it has been a satisfactory one for the company particularly when it is remembered that for the last four or five months of the year we were feeling the full force of the present business depression.

We lost heavily in sales during these later months, which not only reduced the gain made in the earlier part of the year, but also left us finally with a decrease of shipments in the entire year of \$204,947.00

Our sales for the year were \$2,967,338 as against \$3,172,841 for the year 1906. The bond interest, \$111,000 has been paid as usual, also a dividend of 4% on the capital stock amounting to \$108,000. After providing for this bond interest and $\frac{1}{2}$ dividend we have carried \$139,000 to the credit of profit and loss, against \$65,000 the previous year.

We have installed new plant and machinery costing us \$121,000 and have made repairs and improvements to the extent of \$106,000. This latter amount has altogether been written out of the profits for the year.

A new contract with the Town of Cornwall has been entered into fixing the valuation upon which taxes will be paid for a further period of ten years from 1st January, 1909.

The keen competition we have had to face during the period of depression has compelled us to reduce

"We are pleased to be able to say that taking the year as a whole it has been a satisfactory one for the company particularly when it is remembered that for the last four or five months of the year we were feeling the full force of the present business depression."

We lost heavily in sales during these latter months, which not only reduced the gain made in the earlier part of the year, but also left us finally with a decrease of shipments in the entire year of \$204,347.30

Our sales for the year were \$4,937,338 as against \$5,173,641 for the year 1900. The bond interest, \$111,000 has been paid as usual, also a dividend of 4¢ on the capital stock amounting to \$108,000. After providing for this bond interest and a dividend we have carried \$139,000 to the credit of profit and loss, against \$28,000 the previous year.

We have installed new plant and machinery costing us \$121,000 and have made repairs and improvement to the extent of \$108,000. This latter amount has also been written out of the profits for the year.

A new contract with the town of Cornwall has been made for the year 1901. This contract will be for a period of five years and will be for the sum of \$100,000 per year.

The same contract has been made for the year 1902 and 1903.

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"the wages for operatives about 10%. This reduction took effect on the 4th instant.

Your directors deemed it wise, during the depression, not to accumulate stocks unduly, and hence our mills have been curtailing production for some time back. This policy will be continued during the summer months if it is found necessary.

In our mills we use 20,000 bales of cotton per year costing \$1,200,000, and employ 2100 hands in preparing for and operating 2600 looms.

Raw cotton has been and still is held at a very high price due to the short crop of last season. The grades we use are selling today at about 12¢. As can be seen it is difficult to market goods on this basis during a time such as we are now passing through.

During the year we visited Ottawa in an effort to induce the government to allow all cotton mill machinery to be imported under the minimum tariff and also to give us some further protection against foreign goods being brought into this market.

Through the good offices of Senator Beeger and Mr. A. Zimmerman who gave us every assistance we are hopeful that our appeal may not be in vain."

BY MR. McRUER: Q. Mr. Dawson, what was it that they would be referring to here that they had visited Ottawa and endeavoured to induce the government to allow all cotton -- oh, it is all cotton mill machinery, yes, yes; all cotton mill machinery to be imported under

Johnson,

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"the wages for operatives about 10%. This would
look effect on the 4th instant.

will probably be about 10% higher than
the 10% which was the basis of the 10% increase.

hance our mills have been out of production
for some time back. This policy will be continued
during the summer months it is found necessary

in our mills we use 20,000 bales of cotton
per year which is 11,000,000 lbs. and we use also

hands in preparing for and operating 2500 looms.
The cotton has been and still is held at a very

high price due to the short crop of last season.
The grades we use are selling today at about 18¢.

As can be seen it is difficult to market goods on
this basis during a time such as we are now passing

through.
During the year we visited Ottawa in an effort

to induce the government to allow all cotton
mill machinery to be imported under the minimum

tariff and also to give us some further protection
against foreign goods being brought into this

country.
Through the good offices of Senator Rogers and

Mr. A. Zimmerman who gave us every assistance we
hoped that our appeal may not be in vain."

BY MR. McNEIL: Mr. Johnson, what was it that
they would be referring to here that they had visited

Ottawa and returned in favor of the tariff?
allow all cotton -- oh, it is all cotton mill machinery

yes, yes; all cotton mill machinery to be imported under

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the minimum tariff. Do you recollect that agitation?

5 A. As I recall it the American duty on American machinery was higher than the duty from England and it is necessary to bring in some machinery from the United States that isn't made in England. That is, that is suitable for our particular work, I presume that is what it referred to.

Q. The Draper machine -- A. That is American.

Q. They are all made in the United States?

10 A. Yes, that is right.

Q. And they are used very generally in your business? A. Yes, that is an automatic loom, the Draper loom. It is not made in England to any extent.

15 Q. Would this be about the time that you were installing the automatic looms? A. Yes, sir.

Q. In your plants? A. Yes, that would be about the time.

20 Q. And you were endeavouring to get the minimum tariff to apply to these machines that you would have to import from the United States? A. Yes, that would be right.

THE COMMISSIONER: Was it done?

25 BY MR. MORUEN: Q. Do you know whether that was done or not? A. Yes, I think so, my

lord. I think, as I recall it, that the duty on the English stuff would be about 5% reduced and the American about ten. Of course, it may not have been at that time but I know later on it was reduced to five and ten.

30 SECRETARY WHITELEY: 17th annual meeting, 28th

the minimum tariff. To you recollect that agitation

A. As I recall it the American duty on American machinery

was higher than the duty from England and it is

necessary to bring in some machinery from the United

States and that is the duty on machinery.

and for our particular work, I presume that is the

it referred to.

Q. The report mentions that the duty on machinery

Q. They are all made in the United States?

A. Yes, that is right.

Q. And they are used very generally in your

business?

loom, the proper loom. It is not made in England to

any extent.

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Q. Would this be about the time that you were

installing the automatic looms?

A. Yes, sir.

Q. In your plant?

A. Yes, that was

at about the time.

Q. And you were manufacturing at that time?

20

tariff to apply to these machines that you would have

to import from the United States?

A. Yes.

that would be right.

THE COMMISSIONER: Was it done?

BY MR. BAKER: Q. Do you know whether that was

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A. Yes, I think so, my

friend. I think, as I recall it, that the duty on the

British tariff would be about 5% reduced and the American

tariff was 10%.

Q. And I have heard that it was reduced to 5% and

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the tariff was 10%.

day of May, 1909.

"It gives us pleasure to present to you the report of this company for the year ending March 31st, 1909. We believe you will consider the shewing satisfactory in view of the fact that the year has been a most trying one to industries the world over, and the very many concerns that in former years were able to shew good profits, have this year made an absolute loss.

Rather than accumulate a heavy stock of manufactured goods, we have followed the policy of a general curtailment of production. For the first six months in our mill year we were closed down $33\frac{1}{3}\%$ and during the full mill year our entire plant was idle 22% of the time. Naturally a smaller production increases the cost of manufacturing and reduces the profits of the company. Our shipments to the trade for the year amounted to \$2,354,608 against \$2,967,338 for the year 1907-8 shewing a shrinkage in this item of \$612,730. Notwithstanding these disabilities we are pleased to be able to state that we paid our bond interest of \$111,000, also a dividend of 4% on capital stock and at the same time have carried an amount of \$14,366.53 to the credit of profit and loss account. In addition to the amount above named --"

THE COMMISSIONER: What is that?

SECRETARY WHITELY: "In addition to the amount above named we have carried and paid an amount of \$63,550 for repairs and improvements to our several plants.

"It gives an element to present to you the report
of this company for the year ending March 31st.
1907. We believe you will consider the statement
satisfactory in view of the fact that the year
has been a most trying one to illustrate the way
over, and the very many concerns that in former
years were able to show good profits, have this
year shown an absolute loss.
Further than a considerable heavy stock of un-
factured goods, we have followed the policy of
a general curtailment of production. For the
first six months in our mill year we were close
to the limit of our output and still had a
entire plant was idle 25% of the time. Naturally
a smaller production increases the cost of manu-
facturing and reduces the profits of the company.
Our shipments to the trade for the year amounted
to \$2,324,608 against \$2,327,328 for the year
1907-8 showing a shrinkage in this item of \$2,720.
Notwithstanding these disabilities we are pleased
to be able to state that we paid our bond interest
on time, and a dividend of 10% on capital of
and at the same time have carried an amount of
\$14,266.22 to the credit of profit and loss acco-
unt. In addition to the amount above named --"
THE COMMISSIONER: What is that?
SECRETARY: "In addition to the amount above named --"
The company has been successful in carrying out its
policy of expansion and will be able to pay
dividend on its capital of \$100,000.

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" We have continued our policy of the past of adding a certain amount of new machinery each year, where it appears that by so doing a more perfect product could be obtained at a reduced cost. Doubtless to a large extent the excellent condition of our machinery coupled with most careful management and stringent economy, has enabled us to obtain such comparatively satisfactory results in the face of very adverse circumstances.

As a result of representations made by us to the Government we are now permitted to bring in a machinery of a kind not made in Canada required by our mills, under a duty of 10%. This will prove a great boon to our company in the way of making it possible for us to replace from time to time some of our oldest machinery at a minimum cost. We are gratified to be able to state that we have had no labour trouble at any of our mills, nor is there any signs of unrest at present among our operatives. x

We are still curtailing production at some of our mills, and this policy will be pursued until trade has reached a normal condition, which we fear will not be for some months to come.

Raw cotton is keeping very high in price due largely to the manipulations of speculators. This fact, coupled with the condition of trade not altogether satisfactory and with exceedingly severe competition from England and the U.S. makes it necessary to keep our prices at the minimum. We

We have continued our policy of the past of adding a certain amount of new machinery each year where it appears that by so doing a more perfect product could be obtained at a reduced cost. For years to a large extent the excellent condition of our machinery coupled with most careful management and stringent economy, has enabled us to obtain such comparatively satisfactory results in the face of very adverse circumstances.

As a result of representations made by us to the Government we are now permitted to bring in a machinery of a kind not made in Canada required by our mills, under a duty of 10%. This will prove a great boon to our company in the way of making it possible for us to replace from time to time some of our oldest machinery at a minimum cost. We are gratified to be able to state that we have had no labor trouble at any of our mills, nor is there any signs of unrest at present among our operatives. X

We are still curtailing production at some of our mills, and this policy will be pursued until trade has reached a normal condition, which we think will not be for some months to come.

The action is being very wise and largely to the manipulations of speculators. The fact, coupled with the condition of trade not at all satisfactory and with exceedingly heavy competition from abroad and the U.S. makes it necessary to keep our mills at the minimum.

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"are not inclined to take too optimistic a view of the year upon which we have entered. We are hopeful, however, that conditions will improve as the months pass by, and that when we meet under similar circumstances a year hence we will at least be able to present to you a report as satisfactory as that now before you."

Special general meeting on the 18th day of April, 1910.

MR. MORUER: The notice sets out the purpose for which the meeting is called.

THE COMMISSIONER: What is the date of the meeting?

SECRETARY WHITELEY: The meeting was the 18th day of April, 1910.

MR. MORUER: Read this A, B, C, D, and E.

SECRETARY WHITELEY: "(a) The issuing of mortgage and hypothecary bonds;

(b) The increasing of the capital stock of the Company, and

(c) The issuing of preferred and additional common stock;

(d) The increasing of the number of the Board of Directors;

(e) The purchasing stock in other corporations.

There was placed before the meeting, 1st, The option dated the 4th April, 1910 from the shareholders of the Mount Royal Spinning Company Limited to the D. Morrice Company Limited for the sale of the shares in the said company.

2nd. The offer bearing same date from Dr. Morrice, Sr. Esq. to the D. Morrice Company Limited for the

There was not inclined to take too optimistic a view of
the year upon which we have entered. We are
hoping, however, that conditions will improve
as the month goes by, and that when we next make
a similar statement a year hence we will be
able to state to you a report as satis-
factory as that now before you."

Special General Meeting on the 18th day of April, 1910.
Mr. Chairman: The notice calls out the purpose for
which the meeting is called.

The Chairman: That is the date of the meeting.
The Chairman: The meeting was the 18th day
of April, 1910.

SECRETARY: "The following is the list of members
and honorary members:

(a) The increasing of the capital stock of the
company, and

(c) The issuing of preferred and additional common
stock;

(d) The increasing of the number of directors;
and

(e) The increasing of the number of directors;
and

There was placed before the meeting, 1st, The
option dated the 4th April, 1910 from the share-
holders of the company relating to the company's capital

D. Morris Company Limited for the sale of the
in the main company.

2nd, The other hearing was held from 7.15 to 8.15
p.m. at the D. Morris Company Limited for

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"purchase of the Gibson Cotton Mill property and assets as a going concern at the best price to said D. Morrice, Sr of \$700,000.00

5 3rd. The letter dated the 5th April, 1910 from the said D. Morrice Company, Limited addressed to this company offering all the shares purchased or to be purchased by them in the said Mount Royal Spinning Company Limited together with the said Gibson Cotton Mill property, for the price and con-
10 sideration set out in the letter.

There was then given to the shareholders an explanation of the plan by which the two above mentioned mill properties would be acquired and a new issue of stock and bonds would be made
15 to pay for the same.

The statement as adopted by the directors at the meeting held the 4th April, 1910 was taken as read. It was moved by Mr. George Cains,
20 seconded by Mr. Herbert Holson and unanimously resolved that

'the action of the directors be hereby confirmed and that we the shareholders of the Canadian Coloured Cotton Mills Company Limited authorize
25 the directors at their discretion to accept the options now presented by the D. Morrice Company Limited re the Mount Royal Spinning Company Limited and the Gibson Cotton Mill'.

By-law No. 12.

30 Providing for the issue of preferred shares. Be it ordained and enacted by the Canadian Coloured

"purchases of the Gibson Cotton Mill property

and assets as a going concern at the best price

to said D. Morris, at \$700,000.00

the said D. Morris Company, limited addressed

to this company offering all the shares purchased

or to be purchased by them in the said Mount Royal

Spinning Company limited together with the said

Gibson Cotton Mill property for the price and so

alteration set out in the letter.

There was then given to the shareholders

an explanation of the plan by which the two

above mentioned mill properties would be acquired

and a new issue of stock and bonds would be made

to pay for the same.

The statement was adopted by the directors at

the meeting held the 4th April, 1910 was taken

as read. It was moved by Mr. George Cairns,

seconded by Mr. Herbert Nelson and unanimously

resolved that

'the action of the directors be hereby confirmed

and that we the shareholders of the Canadian

Spinning Company limited accept the plan

the directors at their discretion to accept the

offer now presented by the D. Morris Company

limited to the Mount Royal Spinning Company

limited and the Gibson Cotton Mill.'

Resolved that

Resolved that

Resolved that

Resolved that

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"Cotton Mills Company Limited as follows:

Article 1. There shall be issued by the Company preferred shares covering the whole amount of its unsubscribed authorized capital stock namely twenty-three thousand shares of \$100 each, which said shares shall be preferred both as to capital and dividend, which dividend shall be six per cent non-cumulative.

Article 2. The said shares shall be issued as part payment of the purchase price mentioned in the option dated the 4th day of April, 1910 and signed by the shareholders of the Mount Royal Spinning Company Limited in favour of the D. Morrice Company Limited and transferred by the latter to this company under letter of the 5th April, 1910."

THE COMMISSIONER: Doesn't it say what interest those preferred shares are to bear?

SECRETARY WHITELEY: 6% non-cumulative.

"Article 3. Pending the period of three months within which the shareholders of this company are to be given by the D. Morrice Company Limited, under the terms of the said option, the privilege of exchanging their common stock for preferred shares, the holders of the preferred shares to be issued in virtue of the present by-law, will be entitled to elect a majority of the members of the Board of Directors of this company, but after the expiration of the said period, they shall be entitled to elect one third only of the members of such Board.

Article 1. There shall be formed by the Government

of the United States a corporation to be known as the

United States Corporation, which shall have the same

powers and privileges as the United States Bank, and

shall be authorized to issue bonds and notes, and to

receive deposits, and to do all such other business as

may be deemed proper by the Government.

Article 2. The said shares shall be issued in

payment of the purchase price mentioned in the

order the 1st day of April, 1910, and signed by

the President of the United States, and the Secretary

of the Treasury, and the said shares shall be

transferred by the latter to this company

on the 1st day of April, 1910.

THE CORPORATION: Does it say that it has

those preferred shares and to keep?

Article 3. During the period of three months

within which the shareholders of this company

shall have the right to exercise their

rights, the said shares shall be

under the terms of the said order, the privilege

of exchanging their common stock for preferred

shares, the holders of the preferred shares

shall be issued in virtue of the present law, and

be entitled to elect a majority of the members

of the Board of Directors of this company; but not

the expiration of the said period, they shall

be entitled to elect one third only of the members

of such Board.

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By-law No. 13.

Providing for the issue of first mortgage bonds or debentures. Be it ordained and enacted by the Canadian Coloured Cotton Mills Company Limited, as follows, to wit:-

1. The Board of Directors of the Company is hereby authorized to issue first mortgage bonds or debentures of the company to an amount not exceeding five million dollars.

The said bonds shall be payable in thirty years from the date of execution thereof and shall bear interest at the rate of five per cent per annum payable semi annually on presentation of coupons to be attached thereto which bonds may be redeemed before maturity by paying the face value thereof with five per cent thereon and accrued interest and the said Board of Directors shall settle and determine all other details of said bonds and coupons."

MR. McRUER: Paragraph three, skip two.

SECRETARY WHITELEY: "5. The said bonds or the proceeds thereof shall be used for the purpose of paying, redeeming or retiring the outstanding debentures maturing on the 2nd day of April, 1912, and of paying part of the purchase price of the Gibson Cotton Mill property and assets, and of shares in the capital stock of the Mount Royal Spinning Company under option dated the 4th April, 1910 and transferred by the D. Morrice Company Limited to this company under letter of the 5th April, 1910 and for such other purposes of the company as may be decided from time

10. Month 4: Paragraph three, skip two.

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"to time by the Board of Directors."

THE COMMISSIONER: Mr. McRuer, how much more of this have you, reading?

MR. McRUER: Well, there is some of it yet. We will probably have to resume later on.

THE COMMISSIONER: What is that?

MR. McRUER: There is some yet that we will have to resume later on. We cannot finish it to-night.

THE COMMISSIONER: Well, would it be worth while sitting a little longer to-night to get through some of that? Are you going right down to the present year with this company?

MR. McRUER: Well, I have it in printed form commencing with March, 1912 and we can file them.

THE COMMISSIONER: Yes, unless there is something you want to point out. It would be just as well to file them.

MR. McRUER: This will be alright now. You see, this is 1910.

THE COMMISSIONER: You are making a statement on the record that you have them printed and you might as well put them in in that way and call my attention to anything that you think I should know about. For how many years have you these printed?

MR. McRUER: I just have about two years more to cover until I come to the printed ones so that I think we might finish as far as we have got to deal with the minute books because we have to return the minute books to the company. It won't take very long. I want to get a reference here to a meeting of the

"at time by the Board of Directors."

THE CHAIRMAN: Mr. Morley, how much more of

the same you, Mr. Morley?

MR. MORLEY: Well, there is some of it yet.

will probably have to resume later on.

THE CHAIRMAN: What is that?

MR. MORLEY: There is some yet that we will have

resume later on. We cannot finish it to-night.

THE CHAIRMAN: Well, would it be worth while

waiting a little longer to-night to get through some

of that? Are you going right down to the present

year with this company?

MR. MORLEY: Well, I have it in printed form

commencing with March, 1912 and we can file them.

THE CHAIRMAN: Yes, unless there is something

you want to point out. It would be just as well to

point out.

MR. MORLEY: This will be all right now. You see

this is 1910.

THE CHAIRMAN: You are making a statement on

the record that you have these printed and you might

as well put them in in that way and call my attention

to anything that you think I should know about. For

how many years have you these minutes?

MR. MORLEY: I just have about two years more &

cover until I come to the printed ones so that I think

we might finish at 10:30 or 11:00 and then we will

minute books because we have to return the minute

books to the company. It won't take very long.

I want to say a few words about the

directors that was taken as read. That may give us some information. There is a passage from the minutes of the meeting of directors on the 5th of April, 1910, at page 138. I think that will give us the terms on which this deal was made.

5 SECRETARY WHITELEY: "The president placed before the meeting: 1st, An option dated the 4th of April, 1910, from shareholders in the Mount Royal Spinning Company Limited to the D. Morrice Company Limited for the sale of their shares in the said company. 2nd. An offer bearing same date from Dr. Morrice, Sr. Esq to said D. Morrice Company, Limited for the purchase of the Gibson Cotton Mill property and assets as a going concern at cost price to said Dr. Morrice, Sr. Esq. say \$700,000. 3rd. A letter dated the 5th April, 1910 from the said D. Morrice Company, Limited and addressed to this Company offering to transfer to this Company all the shares purchased or to be purchased by them in said Mount Royal Spinning Company Limited together with the said Gibson Cotton Mill property and assets for the following price and consideration, namely (a) The sale or transfer of the shares in the Mount Royal Spinning Company Limited to be made on the basis of \$2,357.00 for all the shares, preferred or common outstanding on the 4th of April, 1910 and paid up, in the capital stock of the said company, and including the number of shares, preferred or common, which the Canadian Agency Limited is entitled to take

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minutes of the meeting of directors on the 4th of
 some information. There is a message from the
 directors that was taken as read. That may give
 the terms on which this deal was made.

THE COMPANY LIMITED: The agreement placed before
 the meeting: 1st. An action dated the 4th of
 April, 1910, from shareholders in the Mount Royal
 Spinning Company Limited to the E. Morris
 Company Limited for the sale of their shares in
 the said company. 2nd. An action dated the 4th of
 April, 1910, from Mr. Morris, Sr. and to said E. Morris
 Company, Limited for the purchase of the shares in
 Cotton Mill property and assets as a going concern
 at cost price to said Mr. Morris, Sr. and to said
 E. Morris Company, Limited. 3rd. An action dated the 4th of
 April, 1910 from the said E. Morris Company, Limited
 and addressed to this company offering to transfer
 to this company all the shares purchased or to be
 purchased by them in said Mount Royal Spinning
 Company Limited together with the said shares in
 Cotton Mill property and assets for the following
 price and consideration, namely (a) The sale of
 transfer of the shares in the Mount Royal Spinning
 Company Limited to be made on the basis of \$2.50
 on the 4th of April, 1910 and said Mr. Morris, Sr. in the
 capital stock of the said company, and to include
 the number of shares, preferred or common, which
 the Canadian Agency Limited is entitled to receive

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"in payment of its loan of \$300,000 to the said Mount Royal Spinning Company Limited which purchase price shall be paid as follows: For each preferred share of the Mount Royal Spinning Company, Limited 73-1/3% of the face value thereof in 5% 30 year mortgage bonds, and 36-2/3% of the face value thereof in preferred shares of this company, and for each share of the common stock paid up of the Mount Royal Spinning Company Limited, one-half share of the common stock of the Company. The 5% 30 year mortgage bonds to be thus given in part payment of said shares to form part of an issue of \$5,000,000. All the shares of this company to be given in payment as above, shall be issued as paid up and unassessable. It being understood that the above purchase price of \$2,357,000 is based on the book figures furnished by the Mount Royal Spinning Company Limited which figures will be subject to verification and adjustment of the said purchase price.

(b) The sale of the Gibson Cotton Mill property and assets to be at cost price to said D. Morrice Sr. say \$700,000 and shall be paid in 5% 30 year mortgage bonds part of the issue above mentioned.

(c) The said D. Morrice Company Limited shall moreover pay to this company the sum of one million dollars in cash, payable by instalments of 25% each on the first days of June, July, August, September next.

"(d) For the said shares in the Mount Royal
Spinning Company Limited, for said Gibson Mill
property and assets and for said one million
dollars in cash as above, the said D. Morrice
Company Limited shall be entitled to receive from
this company 30,250 preferred shares and 20,000
common shares of its stock all paid up, together
with whatever amount of said 5% 30 year mortgage
bonds and of said preferred and common shares of
this company as shall be required at the rates
above mentioned. To satisfy the claims of those
of the shareholders of the Mount Royal Spinning
Company Limited who shall have agreed to sell
their shares as above mentioned, which amount
of 5% 30 year mortgage bonds and preferred and
common stock shall be deposited with the Royal
Trust Company to be distributed as may appertain
with the understanding that of the said 30,250
preferred shares, 20,250, or so much thereof as
shall be required for the purpose, shall be offered
by the said D. Morrice Company, Limited, to the
present shareholders of this company, in exchange
for the common stock by them held, on the basis
of four shares of common for three shares of
preferred, and that of the common stock thus
received in exchange 20,000 shares shall be used
to cover the like amount of common stock mentioned
above and that 7,000 shares, or so much thereof
as shall be required for the purpose, shall be
used to cover a like amount of common stock payable

"(b) For the said shares in the Mount Royal
 Building Company Limited, for said Gibson Hill
 property and assets and for said one million
 dollars in cash as above, the said D. Morris
 Company Limited shall be entitled to receive from
 this company 20,000 preferred shares and 20,000
 common shares of its stock all paid up, together
 with whatever amount of said 5% 30 year mortgage
 bonds and of said preferred and common shares of
 this company as shall be required at the rates
 above mentioned. To satisfy the claims of those
 of the shareholders of the Mount Royal Building
 Company Limited who shall have agreed to sell
 their shares as above mentioned, which amount
 of 5% 30 year mortgage bonds and preferred and
 common stock shall be deposited with the Royal
 Trust Company to be distributed as may appear
 with the understanding that of the said 20,000
 preferred shares, 20,000, or so much thereof as
 shall be required for the purpose, shall be offered
 by the said D. Morris Company, Limited, to the
 present shareholders of this company, in exchange
 for the common stock by them held, on the basis
 of four shares of common for three shares of
 preferred, and that of the common stock thus
 received in exchange 20,000 shares shall be used
 to cover the like amount of common stock wanted
 above and that 5,000 shares, or so much thereof
 as shall be required for the purpose, shall be
 used to cover a like amount of common stock wanted

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"in virtue hereof, with the further understanding that any portion of the said 20,250 preferred shares which may not be used for the purpose of exchange as above or of the said 7,000 shares of common stock which may not be used for the above mentioned purpose shall be cancelled.

All of the above mentioned preferred shares of this company shall be preferred both as to capital and dividends, which dividends shall be 6% non cumulative. Pending the period of three months to be given to the present shareholders of this company for the exchange of their common stock for preferred, the preferred shares shall elect a majority of the members of the Board of Directors of this company, but after the expiration of the said period they shall elect one-third only of the members of such board.

As the shares of the Mount Royal Spinning Company Limited shall be purchased by the D. Morrice Company Limited in virtue hereof, and made over to this company as above mentioned such shares shall be deposited with the Royal Trust Company and held by them in trust as security for the payment of the \$5,000,000 of bonds above mentioned, and so soon as all the outstanding shares of the said Mount Royal Spinning Company Limited shall have been thus purchased and deposited, the real estate of the latter company shall be transferred to this company and with the other assets of this company be made to secure the payment of the said bonds.

"in virtue hereof, with the further understanding
that any portion of the said £1,500 preferred
shares which may not be used for the purpose
of exchange as above or of the said £1,000 shares
of common stock which may not be used for the
above mentioned purpose shall be cancelled.
All of the above mentioned preferred shares of
this company shall be preferred both as to capital
and dividends, which dividends shall be 6% non
cumulative. During the period of three months
to be given to the present shareholders of this
company for the exchange of their common stock
for preferred, the preferred shares shall elect
a majority of the members of the board of
directors of this company, but after the expiration
of the said period they shall elect one-third only
of the members of such board.
As the shares of the Mount Royal Spinning Company
limited shall be purchased by the M. Limited
Company limited in virtue hereof, and made over
to this company as above mentioned such shares shall
be deposited with the Mount Royal Spinning Company and not
by them in trust as security for the payment of
£5,000,000 of bonds above mentioned, and no soon
as all the outstanding shares of the said Mount
Royal Spinning Company limited shall have been
thus purchased and deposited, the real estate
of the latter company shall be transferred to the
company and with the other assets of this company
be made to secure the payment of the said bonds.

"And the shares deposited as above may then be cancelled.

Whenever new bonds shall be issued by this company for the purpose of retiring or paying its \$2,000,000 of bonds now outstanding, such new bonds shall form part of the \$5,000,000 issue above mentioned, and the agreement with the underwriters will contain a stipulation that such bonds will not be issued to the public at less than 90%."

BY MR. McRUER: Q. Mr. Dawson, this Gibson Mill that is spoken of in this minute was located where?
A. At Marysville, New Brunswick, near Fredericton.

Q. It was closed? A. No.

Q. Is it still going? A. Yes, still operating.

Q. It is still operating? A. Yes.

Q. The Mount Royal Mill, of course -- the Mount Royal Spinning Mill was immediately leased to the Dominion Textiles?
A. Yes, for ten years.

Q. Mr. Morrice, at the time that he was president of the Canadian Cottons was also connected with the Morrice Company that is mentioned in this minute?
A. The Morrice Company were selling agents and he was president of that company too.

Q. He was president of the Morrice Company, selling agents, and they apparently were the company that took an option on the Mount Royal Spinning Mill and the Gibson --
A. As I recall it that was just a legal method of handling the thing conveniently prepared by Senator Beeger, but Mr. Morrice did not

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and the shares deposited as above may then be

thereafter

Whenever new bonds shall be issued by this

company for the purpose of retiring or paying its

\$2,000,000 of bonds now outstanding, such new bonds

shall form part of the \$2,000,000 issue above

mentioned, and the agreement with the underwriter

will contain a stipulation that such bonds will

be issued to the public at less than 90%.

Q. Now, when you say that the bonds will

that is spoken of in this minute was located there?

A. At the time of the meeting, the bonds were located

Q. It was closed?

A. No.

Q. Is it still going?

A. Yes, still

operating.

Q. It is still operating?

A. Yes.

Q. The Mount Royal Mill, of course -- the Mount

Royal Spinning Mill was immediately leased to the

Dominion Textiles?

A. Yes, for ten years.

Q. Mr. Morris, at the time that he was president

of the Canadian Cottons was also connected with the

Morris Company that is mentioned in this minute?

A. The Morris Company were selling agents and he was

president of that company.

Q. He was president of the Morris Company.

selling agents, and they apparently were the company

that took an option on the Mount Royal Spinning Mill

and the option --

A. As I recall it that

was just a legal device of handling the thing conveniently

in respect of the Morris Company, but the Morris Company was

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make anything at all out of it. It was just a pure exchange.

Q. Then, the next meeting is on the 19th of July, 1910. Did you have any connection with the

Morrice Company?

A. I was with them all my life in the selling department.

Q. After you became president of this company?

A. No, before I became president of this company.

We cancelled the agreement with the Morrice Company and sold our own goods. That was when Mr. Hosmer was president, shortly after he came into office. If you

will follow the minutes through the other books you will find all our connection with the Morrice Company was cancelled. We took over the selling of the company

ourselves. Formerly they sold these goods with a guarantee as you will notice was stated somewhere in one of the minutes. That was cancelled after Mr.

Morrice's death and the D. Morrice Company was disbanded.

SECRETARY WHITLEY: A special general meeting on the 19th of July, 1910.

By-law No. 17.

Providing for the increase of the capital stock of the Company.

Whereas the authorized capital stock of the company has all been subscribed and taken up, and all paid for,

And whereas it is requisite for the due carrying out of the objects of the company that the capital stock be increased from five million dollars to eight million dollars,

make anything of all out of it. It was just a
exchange.
Q. Then, the next meeting is on the 10th of
July, 1910. Did you have any connection with the
Morris Company?
A. I was with them all
life in the selling department.
Q. After you became president of this company
you cancelled the agreement with the Morris Company
and sold out on your own. That was when Mr. Henson was
president, shortly after he came into office. If you
will follow the minutes through the other books you
will find all our connection with the Morris Company was
cancelled. We took over the selling of the company
ourselves. Formerly they sold these books with a
guarantee as you will notice was stated somewhere in
one of the minutes. That was cancelled after Mr.
Henson, and the D. H. Henson Company was
incorporated. A special general meeting
on the 10th of July, 1910.
By-law No. IV.
Providing for the increase of the capital stock
of the company.
Whereas the authorized capital stock of the
company is now \$1,000,000 and whereas it is
and all paid for.
and whereas it is requisite for the due carrying
out of the objects of the company that the capital
stock be increased from five million dollars to
eight million dollars.

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Dawson,

"Be it ordained and enacted by the said company as follows:

That the capital stock of the said company shall be forthwith increased from five million dollars to eight million dollars such increase to be divided into thirty thousand shares of one hundred dollars each."

MR. McRUER: Did we have the annual meeting of April, 1910? We had that.

SECRETARY WHITELEY: Annual general meeting held the 6th day of May, 1911.

"The options to purchase the properties of the Mount Royal Spinning Company Limited, St. Paul, Montreal and the Gibson Cotton Mill at Marysville, N.B. which were held by the company at the date of the last annual meeting of the Canadian Coloured Cotton Mills Company Limited, were exercised and the two properties were during the first half year transferred to this company.

The name of the company was changed by letters patent to Canadian Cottons Limited and the books and accounts reorganized as at the 1st of October last. The statement to be submitted to you at the meeting, therefore, covers only the period of six months from the 1st of October, 1910, to the 31st of March, 1911.

The Mount Royal Spinning Company has been leased to the Dominion Textile Company at the rate of \$110 per loom per annum and when the looms now being installed are

"as it is ordered and enacted by the said company as

follows:

That the capital stock of the said company shall
 forthwith be increased from five million dollars to
 eight million dollars such increase to be divided
 into thirty thousand shares of one hundred dollars
 each."

MR. McHUGH: Did we have the annual meeting of

April, 1910? We had that.

the 25th day of May, 1911.

"The outcome to purchase the properties of the
 Mount Royal Spinning Company Limited, St. Paul,

which were held by the company at the date
 the last annual meeting of the Canadian Cotton

and the two properties were during the time
 year transferred to this company.

The name of the company was changed by letter
 patent to Canadian Cotton Limited and the book
 and accounts reorganised as at the 1st of October
 last. The statement to be submitted to you
 the meeting, therefore, covers only the period
 of six months from the 1st of October, 1910,
 the 31st of March, 1911.

The Mount Royal Spinning Company has been
 leased to the Dominion Textile Company at
 the rate of \$110 per foot per annum and when

the same was taken possession of

"completed our company will have a revenue of \$165,000 per annum from this property, which gives us a good return on our investment.

I am glad to say, that, taking into consideration the unsatisfactory condition of the textile trade the world over, due in a large measure to the abnormally high price of cotton, we are able to make a very satisfactory showing. We have paid our bond interest of \$100,500 together with a dividend of $1\frac{1}{2}\%$ on the preferred stock, amounting to \$53,625, and have carried to the rest an amount of \$77,895. This too after ~~xxxx~~ writing off \$41,959 for repairs and betterments, and reserving \$10,000 for bad debts.

We congratulate ourselves that we are able to make as good a showing in our first six months, in a time when we have had to provide for the necessary expenses of reorganization.

The new bonds issued to provide the necessary cash for the payment of the properties recently acquired, together with one -half the bonds required to retire the old bond issue maturing in April, 1912, have been underwritten in London and are now being offered to the British public.

The products of our mills are held in favour by the trade and we have unfilled orders on our books to the value of \$1,200,000.

All our plants are in excellent condition and the help throughout is loyal and painstaking. We are very fortunate in having a most efficient

Baron, 1912

"completed our company will have a revenue of
£100,000 per annum from this property, which gives
us a good return on our investment.
I am glad to say, that, taking into consideration
the present uncertainty connected with the world
trade the world over, due to a large measure to
unusually high prices of cotton, we are able to
make a very satisfactory showing. We have paid
our bond interest of £10,000 from the profits
dividend of 1½% on the preferred stock, amounting
to £25,000, and have carried to the reserve an amount
of £75,000. This too after paying off
£1,200 for repairs and betterments, and £20,000
for the new building.
We congratulate ourselves that we are able
to make as good a showing in our first six months
in a time when we have had to provide for the
necessary expenses of reconstruction.
The new bonds issued to provide the necessary
cash for the payment of the properties recently
acquired, to enter into one-half the bonds
issued in 1911 and all the new bonds issued
in April, 1912, have been underwritten in London
and are now being offered to the public in this
country. The proceeds of our sale are held in favour
by the bank and we have cancelled orders on our
books to the value of £1,200,000.
All our affairs are in excellent condition
and the public interest is loyal and maintaining
the very high standard of service which we are

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"staff of managers, superintendents and overseers, who are to be commended for sparing no effort to reduce the cost of manufacturing to a minimum, during a period when we have had to contend against an abnormally high cotton market."

We look forward to the New Year with confidence believing that if our raw material can be purchased within a reasonable limit the shareholders will be well satisfied with the results that will be placed before them at the next annual meeting."

MR. McRUER: My attention has been attracted that I missed the general meeting for April, 1910. I think that is correct. I read a special meeting.

THE COMMISSIONER: I thought I heard something said about general and special. I thought it rather strange.

MR. McRUER: We have not had this one. The meeting of the 16th of April, 1910:

SECRETARY WHITELEY: "Our raw material has averaged higher in price than at any time"--

THE COMMISSIONER: Our raw material has what?

SECRETARY WHITELEY: "has averaged higher in price than at any time since the organization of the Company. The prices of piece goods have ruled below the parity of cotton due largely to the fact that foreign mills have been prepared to sacrifice their product rather than close down their plants entirely."

Short time has been resorted to in England

and are to be considered for export no effort is
 to be made to maintain a minimum price
 in a market when we have to consider
 an abnormally high cotton market.

We look forward to the year with confidence
 believing that if our raw material can be purchased
 at a reasonable limit the shareholders will be
 well satisfied with the results that will be placed
 before them at the next annual meeting."

MR. BRYDIE: My attention has been attracted that

I missed the general meeting for April, 1930.

Think that is correct. I read a special meeting.

MR. BRYDIE: I thought I saw something in

about general and special. I thought it rather

MR. BRYDIE: We have not had this one. The

meeting of the 10th of April, 1930.

MR. BRYDIE: Your raw material has

averaged higher in price than at any time--

MR. BRYDIE: Your raw material has not

MR. BRYDIE: It has averaged higher in price

than at any time since the organization of the

company. The prices of place goods have

fallen below the price of cotton due largely to

the fact that foreign mills have been promoted

which plants entirely.

Most time has been reserved to in

and elsewhere practically during the entire year.

Under these circumstances it is very gratifying to be able to report that we have earned our dividend and carry an amount of \$39,000 to the credit of Profit and Loss. We have only been able to attain these results by practising the strictest economy in every department, thus reducing our manufacturing cost to the lowest point we have yet attained. The improved made in our plant in recent years has also materially helped in this direction.

Notwithstanding the competition we have had as above indicated our shipments to the trade have been the largest in the history of the Company, amounting to \$3,446,667.00 which is an evidence that the product of our mills has met with the favour of the trade."

THE COMMISSIONER: What was that figure for?

SECRETARY WHITLEY: That was the sales.

"While our profits must because of conditions continue small for some time to come it is satisfactory to know that our mills are well sold ahead and the prospects are that but little if any curtailment will be necessary during the summer months.

Believing that a bleachery and print works would prove of valuable assistance, an option until the first of July next has been secured

and elsewhere practically during the entire year

Under these circumstances it is very probable

to be able to report that we have earned our

dividend and carry an amount of \$85,000 to the

of profit and loss. We have only been able to

attain these results by practicing the strictest

economy in every department, thus reducing our

manufacturing cost to the lowest point we have

yet attained. The improved made in our plant

recent years has also materially helped in this

Notwithstanding the competition we have had

as above indicated our shipments to the trade have

been the largest in the history of the company.

amounting to \$5,445,667.00 which is an evidence

that the product of our mills has met with the

favor of the trade.

The conclusion that we have reached is

that we have achieved our purpose.

"While our profits were because of conditions

continue small for some time to come it is

not probable that we will not

hold ahead and the prospects are not but little

if any improvement will be necessary during the

year.

It is our hope that the

will be of benefit to the

will be of benefit to the

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upon the shares of the Mount Royal Spinning Company Limited.

5 An option for the same length of time has also been obtained on the Gibson Cotton Mill, which with the improvement and additions made thereto in the past few months should make it one of the most desirable cotton factories in the country.

10 In order to facilitate the purchase of the above properties and to improve the financial position of the Company an issue of \$1,000,000 new Preferred 5% non-cumulative stock has been underwritten and offered to the shareholders pro rata to the amount of Common stock held by them and has all been taken up.

15 MR. McRUER: That brings us up I think to the year 1912 when our printed copies of the reports begin.

20 THE COMMISSIONER: How do you propose to put those in, as an Exhibit?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: As one exhibit?

MR. McRUER: Yes.

25 THE COMMISSIONER: Annual reports, are they?

MR. McRUER: Annual reports from 1912 to 1936 inclusive. You identify these, Mr. Dawson?

THE COMMISSIONER: From 1912, did you say?

MR. McRUER: Until 1936, inclusive.

30 THE COMMISSIONER: Of what Company?

MR. McRUER: The Canadian Cottons Limited.

THE COMMISSIONER: That will be Exhibit 340.

upon the shares of the Mount Royal Mining Co.
limited.

an option for the same length of time has
also been obtained on the Mount Royal Mining Co.
which with the improvement and additions made
in the past few months should make it one of the
most desirable gold and silver mines in the country.

in order to facilitate the purchase of the
above properties and to improve the
position of the company an issue of \$1,000,000
new preferred 5% non-cumulative stock has been

underwritten and offered to the shareholders pro
rata to the amount of common stock held by them
and has all been taken up.

MR. HODGINS: That is all right I think for the year
1911 when our printed copies of the reports begin.

MR. HODGINS: How do you propose to pay for
12, as an exhibit?

Yes, my lord.

THE COURT: How do you propose to pay for
12, as an exhibit?

MR. HODGINS: Yes.

THE COURT: Yes.

MR. HODGINS: Annual reports from 1911 to 1912

1911/12.

THE COURT: Yes.

MR. HODGINS: Yes.

THE COURT: Yes.

MR. HODGINS: Yes.

EXHIBIT 340: Annual Reports of Canadian Cottons
Limited from 1912 to 1936 inclusive.

BY MR. McRUER: Q. You identify these as the annual
reports of your company, Mr. Dawson? A. Yes.

5 THE COMMISSIONER: That will be all for now?

MR. McRUER: Yes.

THE COMMISSIONER: Tomorrow morning we will go
on with the question of Japanese competition. Mr.
Lancetot must be getting impatient. He has been
10 waiting ever since Sherbrooke.

-- The Commission adjourned at 5.25 P.M. Monday,
June 8th, 1936, to resume at 10 A.M. Tuesday, June
9th, 1936.

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ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.E. Whiteley, Secretary,

FORTY-FIFTH DAY

(June 9th, 1936)

Robert Brydie,
Official Reporter.

THE HISTORY OF THE

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THE HISTORY OF THE

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ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

A p p e a r a n c e s :

| | |
|-------------------------|--|
| J.C. McRuer, K.C. and) | Commission Counsel, |
| E. Beauregard, K.C.) | |
| J.P. Lanctot, K.C.) | For Special Committee of Primary Textile Industries, |
| and) | |
| R.L. Kellock, K.C.) | |
| C.G. Feward, K.C.) | For Dominion Textile Co. and Montreal Cottons, Company Limited. |
| Aime Geoffrion, K.C.) | |
| and) | |
| C.T. Ballantyne,) | For Courtaulds Limited, |
| S.G. Dixon, K.C.) | |
| L.A. Forsyth, K.C.) | For Canadian Celanese Limited, and Canadian Silk Products Limited. |
| | |

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1948

MEMORANDUM FOR THE RECORD

TO: THE CHIEF OF POLICE

FROM: THE CHIEF OF POLICE

SUBJECT: [illegible]

RECOMMENDATION

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|-----|-----------------------------|--|
| () | 1. G. [illegible], A.C. and | |
| () | 2. [illegible], K.C. | |
| () | 3. [illegible], K.C. | |
| () | 4. [illegible], K.C. | |
| () | 5. [illegible], K.C. | |
| () | 6. [illegible], K.C. | |
| () | 7. [illegible], K.C. | |
| () | 8. [illegible], K.C. | |
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Montreal, Quebec
June 9th, 1936.

--The Commission resumed at 10.00 A.M.

5 THE COMMISSIONER: What do we go on with this morning?

MR. McRUER: We were going to throw the field open to Mr. Langtot this morning.

10 MR. LANGTOT: I have a few remarks to make and then we will proceed. At the opening inquiry and at the first sitting in Sherbrooke we have insisted for a hearing on Japanese competition. We have prepared for the first sitting a memorandum of cost prices in Canada on rayon cloth with comparative prices for the importation of Japanese rayon cloth into Canada. 15 We also had prepared, as we said in our remarks, a production memo with extracts, on important matters of the Japanese Textile trade. Since our application we have been called upon to study different angles of the industry and our attention was diverted to follow out the status of inquiry. Since our application we have tried to improve the material we had and we are glad to have the occasion to make our case now. 20 We reiterated that the Japanese competition with its exports - which may not be large but potentially great - constitute a threat to the Canadian textile industry. It is a submission until we have made the necessary proofs.

25 30 For the preparation of our case we have asked

Montreal, Quebec
June 14, 1934

--The Commission resumed at 10.00 A.M.

The Commission: about 10.00 A.M. with this

Mr. Brydie: we were going to throw the table

over to Mr. Brydie this morning.

Mr. Brydie: I have a few remarks to make and

then we will proceed. At the opening inquiry and at

the first sitting in 1933 we have invited for

a hearing on Japanese competition. We have prepared

for the first sitting a memorandum of cost prices

in Canada on rayon cloth with comparative prices for

the importation of Japanese rayon cloth into Canada.

We also had the first, as we said in our remarks,

of the Japanese textile trade. Since our application

we have been called upon to study different angles

of the industry and our attention was directed to

follow out the state of industry. Since our appli-

cation we have tried to improve the material we

had and we are glad to have the occasion to make our

case now. We reiterated that the Japanese com-

petition with its exports - which may not be large

yet potentially great - constitutes a threat to the

Canadian textile industry. It is a small

industry we have made the necessary

and the Commission is the only one in the

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5 some of the interested companies to prepare their costs and compare them with Japanese costs. We intend now to open our case with certain material which has been taken from the best available sources of information. We think it is important to expose to the Commission the situation in logical order and for this purpose we have prepared a program, which can be summed up with these headings:

10 Development of Japanese Textile Trade.

Japanese Textile Trade in certain Markets

Nature of Japanese exports

Japanese threats to Canadian Textiles

15 Basic causes of Japan's low prices, wages, subsidies, living

For the opening of our case I have the pleasure of presenting to you Mr. R. L. Kellock, K.C. of Toronto, who will act as joint counsel with me and who will examine witnesses on matters of which he has made special preparation. So I now pass the floor to my learned confrere, Mr. Kellock, my joint counsel, to examine the witness.

20 MR. KELLOCK: If your Lordship pleases I will call Mr. Berry.

25 WILLIAM M. BERRY, Sworn

EXAMINED BY MR. KELLOCK:

30 Q. I understand that you are the Assistant Secretary of the Primary Textiles Institute? A. That is correct.

some of the interested countries to which the
goods and services are sold with Japanese goods. as
it is not to open our eyes and see that the
which has been taken from the Japanese goods
of the world. I think it is important to expose
to the world on the situation in Japan and
and for this reason it is important to
which can be summed up with these headings:

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Development of Japanese textile trade.
Japanese textile trade is certain to
increase of Japanese exports
Japanese threats to Canada's textile
social causes of Japan's low prices, wages,
subsidies, living
for the opening of our eyes I have the pleasure
of presenting to you Mr. J. L. Bellamy, M.P., of
Toronto, who will not be found on my list of
who will examine witnesses on matters of which he
has made special research. So I now turn to
them to my friend Mr. Bellamy, M.P., who will
present to you the situation.
Mr. Bellamy: if your friendship please I will
tell Mr. Bellamy.

I would now like to see the situation
of the Japanese textile industry. A. That
is the end of the report.

30

Q. And that is a trade association, as I understand it, and your headquarters are in Montreal?

A. My office is in Montreal.

5 Q. And is it your duty, among other things, to compile information for the benefit of the members of the Institute as to world conditions in the industry?

A. That is right.

10 Q. And have you obtained information in the Courts of the performance of your duty as to the position that Japanese manufacturers are in to export textiles to Canada? A. I have obtained a certain amount of information, yes.

15 Q. Before we come to that, have you obtained information as to what Japan has been doing in the production and export of textiles? A. Yes.

20 Q. I am showing you here a table - would you tell his Lordship what that is and what is the source of your information. Perhaps you might tell his Lordship the source first? A. This table is extracted from the Tenth Annual Bulletin of the Financial & Economic Statistics of Nippon covering the years 1913 to 1935. It is prepared
25 both in Japanese and English by the Institute for Commercial Research of the Kobe University of Commerce, dated 1935.

30 THE COMMISSIONER: That table will be exhibit 341.

1951

Q. And that is a trade association, is it not?

A. Yes, your Honor, and in Toronto.

Q. And it is your duty, among other things, to

compile information for the benefit of the members

of the Institute as to world conditions in the industry

A. That is right.

Q. And have you obtained information in the

course of the performance of your duty as to the

position that Japanese manufacturers are in to export

textiles to Canada?

A. I have obtained a certain amount of information, yes.

Q. Before we come to that, have you obtained

information as to the fact that the Japanese are

production and export of textiles?

A. Yes, your Honor, I am showing you here a page - would you

tell him something about that is and what is the

source of your information. Perhaps you might

tell him something about the source of this?

A. This is extracted from the Tenth Annual Bulletin

of the Financial & Economic Statistics of Japan

covering the years 1930 to 1938. It is enclosed

both in Japanese and English by the Institute for

Commercial Research of the Tokyo University of

Commerce, dated 1938.

Q. That is correct. That fact will be useful

EXHIBIT 341: Table of quantities of principal textile commodities exported from Japan.

MR. KELLOCK: Q. What does Exhibit 341 show?

5 A. This table sets out the quantities of the principal textile commodities exported from Japan from the year 1913 to the year 1934 and in addition the six months from January to June, 1935.

MR. McRUER: Q. You do not suggest they are all exported to Canada? A. By no means.

MR. KELLOCK: And I understand on the copy which you hold in your hand you have percentages added?

A. That is correct.

15 Q. Well now, the first column deals with Cotton Yarn in certain units which are called piculs. Will you tell his Lordship what the result is there between 1913 and 1934, which is the last complete year of the Exhibit? A. Japanese export of cotton yarns in 1913 was 1,360,503 piculs and in 20 1934 it decreased to 194,533 piculs.

Q. And reducing that to percentage? A. The 1934 export is only 14% of the 1913 volume.

25 Q. When we get a little further over to the piece goods I will ask you to speak to that. The next column is Waste Silk Floss. I suppose perhaps the first four columns are what might be called raw materials as opposed to manufacturing? A. The first three columns.

Table of quantities of principal textile commodities exported from Japan.

A. This table sets out the quantities of the principal textile commodities exported from Japan from the year 1913 to the year 1934 and in addition the six months from January to June, 1935.

Q. You do not suggest they are

all exported to Canada?

A. Yes, and I understand on the copy which

you hold in your hand you have percentages added?

A. That is correct.

Well now, the first column deals with

cotton yarn in certain units which are called pieces.

Will you tell me briefly what the result is there

between 1913 and 1934, when in the last column

year of the exhibit?

of cotton yarn in 1913 was 1,360,583 pieces and in

1934 it decreased to 194,583 pieces.

And regarding what is percentage?

1934 export is only 14% of the 1913 volume.

Q. When we get a little further over to the

piece goods I will ask you to speak to that. The

next column is waste silk fibers. I suppose perhaps

the first four columns are what might be called raw

materials as opposed to manufacturing?

Yes, three columns.

THE COMMISSIONER: Q. All these first three are raw materials? A. Yes, my Lord.

Q. That is, cotton yarn, waste silk floss and raw silk? A. Yes. The export of waste silk floss in 1913 were 83,897 piculs and in 1934 had decreased to 9,118 piculs. The exports in 1934 were 10% of those in 1913. The exports of raw silk in 1913 were 202,287 piculs and in 1934 were 505,998 piculs. The exports in 1934 were 251% of the volume of export in 1913.

THE COMMISSIONER: Q. What is a piculs?

A. I have not been able to discover that, my Lord.

MR. KELLOCK: Q. What is the next? A. The records of exports of artificial silk products in toto commenced with the year 1928 in which year 51,116 kin of artificial silk products were exported.

Q. Do you know what that unit is? A. No, but in 1934 the exports of artificial silk products in toto from Japan in kin were 16,792,508 as against 51,116 kin in 1928.

Q. And have you figured that out to percentage?

A. No.

Q. Now, take the next column - Cotton Piece Goods?

THE COMMISSIONER: Q. Just a moment, "Artificial Silk" is the heading - you mean it is artificial silk products? A. Yes.

MR. KELLOCK: Q. Then cotton piece goods?

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THE FOLLOWING IS A SUMMARY OF THE

AND NEW MATERIALS

THAT IS, COTTON YARN, WASTE SILK FIBRE AND

NEW SILK

SILK FIBRE IN 1913 WERE 82,887 POUNDS AND IN 1934

HAD DECREASED TO 9,118 POUNDS. THE EXPORTS IN 1934

WERE 108 OF THOSE IN 1913. THE EXPORTS OF NEW SILK

IN 1913 WERE 802,887 POUNDS AND IN 1934 WERE

505,998 POUNDS. THE EXPORTS IN 1934 WERE 231 OF

THE TOTAL AT THAT TIME

THE COMMISSIONER: THAT IS A PICTURE

A. I HAVE NOT BEEN ABLE TO DISCOVER THAT, MR. BOARD.

MR. KILPATRICK: WHAT IS THE NEXT?

RECORDS OF EXPORTS OF ARTIFICIAL SILK PRODUCTS IN

TOTAL COMMENCED WITH THE YEAR 1928 IN WHICH YEAR

21,118 KIL OF ARTIFICIAL SILK PRODUCTS WERE EXPORTED.

DO YOU KNOW WHAT THAT UNIT IS?

BUT IN 1934 THE EXPORTS OF ARTIFICIAL SILK PRODUCTS

IN TOTAL FROM JAPAN IN KIL WERE 15,728,508 AS AGAINST

21,118 KIL IN 1928.

AND HAVE YOU FIGURED THAT OUT TO PERCENTAGES?

NO.

NO, TAKE THE NEXT COLUMN - COTTON FIBRE

COMMITTEE

THE COMMISSIONER: THAT IS CORRECT, COMMITTEE

THIS IS THE POINTING - YOU MEAN IT IS ARTIFICIAL SILK

YES.

MR. BOARD: THAT IS THE SAME YEAR

A. The exports from Japan of cotton piece goods in 1913 were 235,177 sq. yds. In 1934 they were 2,577,233,000 sq. yds. The increase from--

5 Q. Is that quite correct. I understand this column starts off with three noughts? A. Yes.

Q. And three noughts are not added on to the 1934 figure? A. No.

10 Q. Then the figure for 1934 is 2,577,233,000 sq. yds.

MR. MORUER: When do you stop adding the noughts?

THE WITNESS: That would be two billion.

15 MR. KELLOCK: Q. Have you your percentage figures? A. Percentage of exports in 1934 greater than in 1913 by 1097%.

20 Q. In other words, up to that point the percentage of the export of raw materials, with one exception and that is raw silk, goes down but the manufactured article goes up? A. That is correct.

Q. And then Habutae--

25 THE COMMISSIONER: Q. What is that? A. Habutae is one classification of manufactured silk cloth.

30 Q. Natural silk? A. Natural silk. The exports of this particular class of silk cloth in 1913 was 2,662,777 kin and in 1934, 911,281 kin, It should be noted that in January - June, of 1935 for some reason the exports in those six months were

in 1915 were 225,177 sq. yds. In 1934 they were

reason the experts in those six countries were

9,873,188 kin as against only 311,281 kin in 1934.

Q. You have the 1935 figure immediately below?

A. That is correct.

THE COMMISSIONER: You mean from January to June, 1935?

MR. KELLOCK: Yes.

Q. Have you any explanation, Mr. Berry, for that large jump over 1934 for the first six months of 1935?

A. Yes, these two columns - habutae and other silk piece goods should be read together, although units cannot be combined because they are different units. No doubt there is some re-classification as between these two columns.

Q. The real story is by combining these two columns?

A. If that were possible.

Q. Will you deal with the next column?

A. The other column, Other Silk Piece Goods, shows exports in 1913 of 6,397,765 sq. yds. and

105,063,598 sq. yds. in 1934 - an increase of 1700%.

The last four columns are exports of various types of knit goods. The first column which have increased from 5,475,128 dozen in 1913 to 10,111,121 dozen in 1934. Gloves have increased from 268,373 dozen in 1913 to 665,588 dozen in 1934. Socks and stockings have increased from 2,295,541 dozen in 1913 to

6,625,139 dozen in 1934. The last column, separate classification of underwear known as "Short Trowsers"

is not complete but the total increase of those four

2,374,182 in 1934 and 2,381,181 in 1935.

Q. You have the 1935 figures immediately below.

A. That is correct.

Q. The summary: You mean from January to June.

1935.

MR. KATZ: Yes.

Q. Have you any explanation, Mr. KATZ, for

that large jump over 1934 for the first six months

of 1935? A. Yes, there are columns -

rebutals and other silk place goods which we have

looked at, although units cannot be compared because

they are different units. No doubt there is some

reclassification as between these two columns.

Q. The real story is by combining these two

columns. A. That would be possible.

Q. Will you deal with the next column?

A. The other column, Other silk place goods, shows

exports in 1933 of 2,397,765 sq. yds. and

in 1934 of 2,381,181 sq. yds. - an increase of 16,586

sq. yds. The first column shows an increase of 16,586

sq. yds. The first column which have increased

from 2,374,182 boxes in 1933 to 2,381,181 boxes in

1934. Boxes have increased from 238,873 boxes in

1933 to 239,365 boxes in 1934. Boxes and shawls

have increased from 2,350,317 boxes in 1933 to

2,381,181 boxes in 1934. The first column, however,

classification of underwear known as "short drawers"

is not complete and the total increase of these items

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columns of exports of knit goods from 1913 to 1934 was 212%.

MR. MERRILL: 400% higher in 1918 than it is now.

MR. KELLOCK: Q. Then I am showing you a Table -

5 what is that? A. That is a Table of the Cotton Spindles in the Far East, spindles installed on various countries in the Far East at various periods from 1900 to 1936 taken, in part from the Commerce Year Book and in part from the Textile Weekly of February 14th, 1936.

Q. What is the Commercial Year Book?

10 A. That is a publication by the United States Department of Commerce.

15 Q. And the Textile Weekly?

A. It is a weekly magazine published in Manchester, England.

Q. And dealing with Japan apparently in 1900 the number of spindles were 1,274,000 and in 1935 9,305,000. And then in 1936 - what period in 1936?

20 A. At the commencement of 1936.

Q. That is, at the commencement of 1936?

A. Yes.

Q. 10,296,000?

A. Yes sir.

25 EXHIBIT 342: Table of Cotton Spindles in the Far East.

THE WITNESS: Might I remark in addition that a good proportion of the cotton spinning spindles in Chinese mills are Japanese owned.

30 THE COMMISSIONER: Q. You say a good proportion?

columns of exports of knit goods from 1913 to 1934

was 212.

Mr. Molloy: 4000 higher in 1913 than it is now.

Mr. Ladd: Then I am showing you a Table

what is that.

Boston Spindles in the last year, spindles installed

on various countries in the last at various

periods from 1900 to 1934 taken, in part from the

Commerce Year Book and in part from the textile

Weekly of February 1935, 1935.

Q. What is the Commercial Year Book?

A. That is a publication by the United States De-

partment of Commerce.

Q. And the Textile Weekly?

A. It is a weekly magazine published in Manchester, England.

Q. And dealing with Japan especially in 1900

the number of spindles were 1,274,000 and in 1934

9,305,000. And then in 1935 - what period in 1935?

A. At the commencement of 1935.

Q. That is, at the commencement of 1935

A. Yes.

Q. 10,222,000?

A. Yes sir.

TABLE 322: Table of Boston Spindles

in the last year.

THE REPORT: Right I want in addition that a

good proportion of the Boston spinning spindles in

Chinese mills are Japanese owned.

THE REPORT: A. You say a good proportion

A. Yes. I can give you the proportion for 1930,
my Lord.

5 MR. KELLOCK: Q. You are referring to what
for that information? A. This document
is report of the Cotton Mission to the Far East of
the British Economic Com. published in 1931 and
at page 32: Spindles installed in Chinese Cotton
mills are given as: Chinese, 2,396,000; Japanese
10 1,165,000 and British, 153,000. That is in 1930.

Q. Then have you some figures on the Japanese
production of cotton yarn? A. Yes.

15 THE COMMISSIONER: C. This is an extract from
the "Textile Weekly", is it? A. Yes.
The original is available for filing.

MR. KELLOCK: There are two pages to that.

THE COMMISSIONER: Q. This is the Manchester
publication? A. That is correct.

20 Exhibit 343: Extract from Textile
Weekly dated December 1st,
1933, and copy of clipping
from the Textile Weekly.

MR. KELLOCK: Q. Now, what does that show?

25 A. This gives a table of the actual production,
domestic production in Japan and cotton yarn in
bales from 1929 to 1933. The 1929 figure - I
might say that this is for eight months of each
year only. In 1929 the production in bales was
1,196,000 and in 1933, five years later, the pro-
duction in bales for those eight months was
30 2,011,000. The comments regarding this table is

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Berry

given in the article. It is taken from the Textile Weekly and are in part:

"There has recently been great rejoicing in Japan to celebrate the fact that Japanese exports of cotton textiles have now exceeded those from Great Britain for the first time. The Monthly Circular of the Mitsubishi Economic Research Bureau, Japan, contains a detailed investigation of the recent tendencies in industrial production in Japan, and records the remarkable activity in Japanese industry since last autumn; in other words, since the currency devaluation commenced, for inflation has not yet officially taken place.

The actual figures of production during the first eight months of this year, compared with previous years, for certain textiles, are shown in Table 1. This phenomenal expansion appears very singular in view of serious curtailment of production still officially reported, and reflected in summary form in Table 2."

Q. Your typed statement, is that a copy of the original?

A. Yes.

MR. KELLOCK: I will attach the printed article from the Textile Weekly to the copied article.

Q. Then what about the rayon industry, Mr. Berry?

A. We have a Table of the

very

given in the article. It is taken from the textile

Weekly and are in part:

"There has recently been great rejoicing

in Japan to celebrate the fact that Japanese

exports of cotton textiles have not exceeded

those from Great Britain for the first time.

The Monthly Circular of the Statistical Economic

Research Bureau, Japan, contains a detailed

investigation of the recent tendencies in im-

portation protection in Japan, and records the

remarkable activity in Japanese industry since

last autumn; in other words, since the currency

devaluation commenced, for inflation has not

yet officially taken place.

The actual figures of production during

the first eight months of this year, compared

with previous years, are as follows:

are shown in Table I. This phenomenal expan-

sion appears very striking in view of serious

curtailment of production still officially

reported, and reflected in summary form in

Table 2."

C. Your typed statement, in fact a copy of the

original

Mr. K. I. I will attach the printed article

from the textile Weekly to the copied article.

C. I am sure about the accuracy of the

very. I have a Table of the

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production of rayon yarn in various countries for the years 1925 to 1935 and the total world production.

EXHIBIT 344: Table of rayon yarn production.

THE WITNESS: This Table shows that in 1925

Japan produced 3,200,000 pounds of rayon yarn and in 1935 224,000,000 pounds of rayon yarn. Japan's share of the total world production of rayon yarn in 1925 was 2% and in 1935 Japan's share was 24%.

Q. You have shown those percentage figures immediately opposite the volume? A. Yes sir.

Q. Now, your source of information for that is what? A. It is taken from the

Textile Arganion. That is published by the Textile Economic Bureau Inc., New York City.

Q. And is that regarded as authoratative periodical in the industry? A. This is universally quoted as a source of rayon trade figures.

MR. McRUER: Universally quoted?

MR. KELLOCK: Q. My friend means to what extent is it circulated in the industry? A. This publication has been noticed as being quoted in trade papers in a great many other countries, my Lord.

Q. And I see you have the comparative figures for a number of other countries including Canada, Great Britain, the United States and also the Total World Production? A. Yes.

Q. And apparently in 1935 the Japanese proportion

production of rayon yarn in various countries for the years 1935 to 1938 and the total world production.

Table 1
Production of rayon yarn in various countries, 1935 to 1938.

This table shows that in 1935 Japan produced 8,200,000 pounds of rayon yarn and in 1938 224,000,000 pounds of rayon yarn. Japan's share of the total world production of rayon yarn in 1935 was 25 and in 1938 Japan's share was 24.

1. The first question is: What is the total production of rayon yarn in the world?

2. How, your source of information, is that

is what? It is taken from the

textile industry. That is indicated by the textile industry. That is indicated by the textile

industry. That is indicated by the textile

3. And is that regarded as authoritative

periodical in the industry? A. This is

universally used as a source of rayon yarn production.

4. How is that industry noted?

5. How is that industry noted? A. This is

is it indicated in the industry? A. This is

publication has been noticed as being noted in

trade paper. A great many other countries, my lord.

6. And see you have the comparative figures

for a number of other countries including Japan,

Great Britain, the United States and also the total

world production.

7. And apparently in 1938 the Japanese production

of the world production was 24%, so that Japan was second only to the United States with 27%?

5 A. That is correct. At the same time the United States proportion of world production and Great Britain's proportion of world production had both declined from 1925 to 1935 at the same time that Japan's proportion had increased from 2% to 24%.

10 Q. I see in 1925 the United States proportion was 28% and in 1935 it was 27%. Great Britain in 1925 was 16% and in 1935 had shrunk to 13%?

A. Yes.

15 MR. KELLOCK: My Lord, I have just been instructed that a kin is equal to 1.32 pounds. So that it is a unit of weight.

Q. Then I am showing you this - what is that?

20 A. That is a Graph of the proportion of total world production in various countries, of total world production of rayon yarn in various countries from the period 1920 to 1935. The figures vary very slightly from those shown in the Table, possibly from the inclusion of staple fibres in these figures but they are consistent with those shown in the Table within
25 one or two per cent.

Q. In other words, that which you hold in your hand shows pictorially what the preceding exhibit shows in figures? A. Yes.

30 Q. And while the figures are not exactly the same, they are essentially the same. A. Yes.

of the world production was 1954, as that year was
second only to the United States with 27%
1. That is correct. At the same time the United
States proportion of world production and Japan
Britain's proportion of world production had been
declined from 1954 to 1955 at the same time that
Japan's proportion had increased from 2% to 2.5%
2. I see in 1955 the United States proportion
was 28% and in 1954 it was 27%. Great Britain in
1954 was 1% and in 1955 had increased to 1.5%
3. Yes.
4. I have just been informed
ed that a tin is equal to 1.32 pounds. So that is
is a unit of weight.
5. Then I am showing you this - what is that?
6. That is a graph of the proportion of total world
production in various countries, as to total pro-
duction of rayon yarn in various countries from the
period 1950 to 1955. The figures vary very slightly
from those shown in the table, possibly from the
inclusion of staple fibres in these figures but they
are consistent with those shown in the table within
one or two per cent.
7. In other words, that which you hold in your
hand shows slightly what the present exhibit
shows in figures?
8. And while the figures are not exactly the
same, they are essentially the same.
9. Yes.

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EXHIBIT 345: Graph taken from "Business Week" February 1st, 1936.

Q. I am showing you another graph which covers apparently a little different period - what is that?

A. The preceding graph was a graph of percentage of total world output. This graph is a graph of physical volume from the years 1929 to 1935 on rayon and yarn production by the United States, Italy, United Kingdom and Japan.

THE COMMISSIONER: What is this?

MR. KELLOCK: That is a copy of the printed matter which I exhibited but we could not get the graph.

THE COMMISSIONER: Which are you making the exhibit?

MR. KELLOCK: The original with the graph will be the exhibit.

EXHIBIT 346: Rayon graph.

MR. KELLOCK: Q. What does that say? A. "The remarkable progress of the rayon industry continues. Last year British production increased by a third over the 1934 figure. United States production increased by a fourth, Japanese by a half. The accompanying chart shows the rise in the volume of production in these three countries since 1929, which has continued in spite of the general economic depression.

Japan has made the most rapid advance, and now

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stands only a little below the United States.
Great Britain advanced rapidly last year, but
not at the same pace as Japan. Italy (whose
production increased only 2 per cent in the
first six months of 1935) marks time. Germany
increased her production last year by a fourth.
Her output of rayon and staple fibre for 1935
is estimated at 138,000,000 lb., which exceeds
Britain's. France is the sixth largest producer,
followed by Holland."

Q. Have you some information as to 1936 rayon
production - what is the source of your information?

A. This is a copy of the Textile Weekly, Manchester,
for February 28th, 1936, and it is headed "Japan's
Rayon Producing Increasing."

(Page 6162 follows)

6181-A

Berry

stands only a little below the United States.
 not at the same pace as Japan. Italy (whose
 production increased only 2 per cent in the
 first six months of 1954) makes time. Germany
 increased her production last year by a fourth.
 her output of rayon and staple fibre for 1953
 is estimated at 138,000,000 lb., which exceeds
 Britain's. France is the sixth largest producer
 followed by Holland."

C. Have you some information as to 1954 rayon
 production - what is the source of your information?
 A. This is a copy of the Textile Weekly, Manchester,
 for February 28th, 1954, and it is headed "Japan's
 Rayon Production Increasing."

(Page 6182 follows)

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Q. Yes, Mr. Berry, A. This is a short article which reads as follows: "Japan - Rayon Production Increasing."

5 BY THE COMMISSIONER: Q. Where is the article from? A. From the Textile Weekly, Manchester, February 28th, 1936. It reads as follos:

10 "In our issue of December 20, 1935 (Page 62) we reported that the rate of curtailment (20%) in the Japanese rayon industry might be increased this year in view of the expected large increase in production. It is now estimated that a monthly output may be reached in March of some 15 25,000,000 lb. Although this figure may be regarded as being on the high side total output in 1935 was about 224,000,000 lb.), the anticipated heavy increase would appear to be having its effect on the yarn market, where a low price was 20 recently recorded of 52.20 yen on the Sampin yarn market. Moreover the first-class companies will probably resort to dumping in March, the month when production is expected to attain its record level. In addition the prices of high-grade 25 and ordinary yarns are tending to become closer, and it is thought that the large companies will commence producing ordinary yarn in greater volumes when the margin is too small to make manufacture of the high-grade yarn a profitable 30 procedure."

1935

... ..

article which reads as follows: "Japan - Japan

Production increasing."

By the Commission: There is the article

... ..

February 1935, 1935. It reads as follows:

"In the case of December 30, 1935 (page

63) we reported that the rate of cultivation (20

in the tobacco rayon industry might be increased

this year in view of the expected large increase

in production. It is now estimated that a

monthly output may be reached in March of some

30,000,000 lb. Although this figure may be

regarded as being on the high side total output

in 1935 was about 28,000,000 lb., the anti-

ipated heavy increase would appear to be having its

effect on the yarn market, where a low price was

recently recorded of 32.30 yen on the Osaka yarn

market. Moreover the first-class companies

will probably resort to dumping in March, the

month when production is expected to attain its

second level. In addition the prices of high-grade

and ordinary yarns are tending to become closer,

and it is thought that the large companies will

commence producing ordinary yarn in greater

volumes when the margin is too small to make

manufacture of the high-grade yarn a profitable

process."

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EXHIBIT 347: Article from the Textile Weekly, Manchester, Feb. 28, 1936, Re Japan - Rayon Production Increasing.

BY THE COMMISSIONER: Q. What is that? "Where a low price was recently recorded of 52.20 yen on the Sampin Yarn Market? A. There is an article here, my lord, in the Textile Organ, 1936, page 80, describing the operation of the exchange, and in this article it is stated that particularly occurs in boxes of 100 lbs each, my lord.

Q. It would be 52.20 yen per 100 lbs.? A. Yes, my lord.

THE COMMISSIONER: That is Exhibit 347?

MR. KELLOCK: Yes, my lord.

Q. Then I am showing you another reference to the Manchester Guardian, what does that show, Mr. Berry?

A. This is an estimate of the probable yarn and rayon production in Japan during the first six months of 1936.

BY THE COMMISSIONER: Q. That is from what paper?

A. From the Manchester Guardian, my lord, March 30th, 1936.

BY MR. KELLOCK: Q. Will you read that, Mr. Berry?

THE COMMISSIONER: Just a minute. That will be Exhibit 348.

EXHIBIT 348: Article from Manchester Guardian dated March 30, 1936.

THE WITNESS: It is headed "Curtailement in Japan", and then further down "The Rayon Outlook," and it reads:

"The following figures of the Japanese

Article from the Textile Weekly,
Manchester, Feb. 28, 1935,
The Japan - Rayon Production
Increasing.

A low price was recently recorded of 22.20 yen on the
Japan Yarn market? A. There is an article
here, my lord, in the Textile Organ, 1935, page 60,
describing the operation of the exchange, and in this
article it is stated that particularly occurs in some
of 100 lbs each, my lord.
A. It could be 22.20 yen per 100 lbs?

my lord.

The Commission: That is Article 24?

A. Then I am showing you another reference to the
production in Japan during the first six months of 1935.
This is an estimate of the probable yarn and rayon
production in Japan during the first six months of 1935.
The Commission: What is from what report?

Lord.

BY A. C. C. : Will you read that, Mr. Harvey?
The Commission: Just a minute. That will

be Article 24.

It is needed "Conversion in Japan"
The Japan Textile Industry, and is read

rayon position, published in the (Japan Times) shows that in the opinion of the Market Japanese productive capacity in rayon will reach 23,500,000 lb. a month in June, and that demand will be only 22,500,000 lb. even if an expansion of 20% in exports is allowed for

EST. PRODUCTIVE CAPACITY OF

| | Federated firms. lb. | Outsiders lb. | Estimated demand. lb. |
|-----------|----------------------------|------------------|-----------------------------|
| January, | 23,500,000 | 1,600,000 | 19,500,000 |
| February, | 23,500,000 | 1,700,000 | 19,500,000 |
| March, | 25,100,000 | 2,100,000 | 20,500,000 |
| April, | 26,100,000 | 2,400,000 | 21,000,000 |
| May, | 26,700,000 | 3,000,000 | 21,500,000 |
| June, | 28,900,000 | 4,600,000 | 22,500,000" |

I might explain, my lord, that there is a Japanese Producers Association.

BY THE COMMISSIONER: Q. And, therefore, "Outsiders" means Manufacturers who do not belong to this Federation?

A. That is correct, my lord. The article continues:

It is not surprising, in view of these figures, that there should be doubts whether an increase in the curtailment of active plant from 20 to 30 per cent. will be sufficient. Export conditions are regarded pessimistically. In January exports at 30,074,000 sq. yd. were more than in January, 1935, when the total was 29,225,000, but less in value - 8,518,000 yen,

rayon position, published in the (Japan Times)

shows that in the opinion of the market Japanese

productive capacity in rayon will reach 22,500,000

in a month in 1935, and that demand will be only

22,500,000 lb. even if an expansion of 20% in

exports is allowed for

EST. PRODUCTION CAPACITY OF

| Month | 1934 | 1935 | 1936 |
|----------|------------|-----------|------------|
| January | 22,500,000 | 1,800,000 | 19,700,000 |
| February | 22,500,000 | 1,700,000 | 19,800,000 |
| March | 22,500,000 | 1,600,000 | 20,900,000 |
| April | 22,500,000 | 1,500,000 | 21,000,000 |
| May | 22,500,000 | 1,400,000 | 21,100,000 |
| June | 22,500,000 | 1,300,000 | 21,200,000 |

I might explain, my lord, that there is a Japanese

Rayon Association.

BY THE COMMISSIONER: W. and, therefore, "unstable"

means manufacturers who do not belong to this Federation

.. That is correct, my lord. The article continues:

It is not surprising, in view of these

figures, that there should be a large surplus

an increase in the output of active plants

from 20 to 30 per cent. will be sufficient.

Export conditions are regarded pessimistically.

In January exports at 22,000,000 sp. yd. were more

than in January, 1935, when the total was

22,225,000, but less in value - 2,212,000,000

against 9,477,000 yen. Exports of rayon yarn were also greater (4,276,000 lb., against 1,784,000 lb.), but the average price fell heavily (the totals being 2,835,000 yen in January, 1936, and 1,664,000 yen in January 1935)."

BY MR. KELLOCK: Q. Then I am showing you this document, Mr. Berry, which will be Exhibit 349, that is that, Mr. Berry? A. This cable, my lord, shows exports of rayon textiles and rayon yarn from Japan by countries. The rayon textile exports are given for the years 1931 to 1934, and rayon yarn exports for the year 1934 only.

BY MR. McRUBER: Q. Where is this taken from? A. This is taken from the Textile Organon on May 1936, page 70.

BY MR. KELLOCK: Q. And briefly, what does that show? Take the total quantities which appear in the sixth line from the bottom? A. Export of rayon textiles, in square yards, 1931, 139,516,978; in 1932, 241,364,781; in 1933, 230,042,649; in 1934, 345,655,788. And the exports of ray yarn in the year 1934, were 22,345,129.

BY THE COMMISSIONER: Q. What about 1935?

A. That is in the next exhibit, my lord.

THE COMMISSIONER: Oh, I see.

EXHIBIT 349: Exports of Rayon Textiles and Rayon Yarn from Japan By countries.

MR. KELLOCK: Your Lordship was asking us to the year 1935. I have it here, my lord.

[illegible]

were also treated (4,376,000 lbs., 100%)

1,700,000 lb.) but the average are still heavily

(The totals being 1,000,000 yen in January, 1955,

and 1,004,000 yen in January 1951.

people, & of you, sides and ... turned up, that all

...of the ...

by countries. The rayon textile exports are given

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100-443887-100

in square yards, 1931, 139,616, 976; in 1932, 241,504, 7

Q. I am showing you this table which will be Exhibit 350, Mr. Berry.

THE COMMISSIONER: Where is this table taken from?

THE WITNESS: From the Rayon Organon, March, 1936, page 55.

BY MR. KELLOCK: Q. And what does it show?

A. It shows, that in the year 1935 the total rayon piece goods exports from Japan were 442,193,000 square yards, and the total rayon yarn exports were 30,672,400 lbs.

BY THE COMMISSIONER: Q. How does that compare with 1934? A. The 1934 figure, my lord, was 345,000,000 square yards of rayon cloth, and 22,000,000 lbs. of rayon yarn.

EXHIBIT 350: Rayon exports from Japan taken from Rayon Organon, March, 1936, page 55.

BY MR. KELLOCK: Q. In this Exhibit 350, you have the totals first, and then the detail below that? A. Yes, that is correct.

THE COMMISSIONER: Is Canada mentioned at all in Exhibit 349?

MR. KELLOCK: In Exhibit 349, yes, my lord, about the middle of the page.

THE COMMISSIONER: Oh yes, all right.

BY MR. KELLOCK: Q. Then I am showing you this, Mr. Berry, which will be Exhibit 351; what is that?

A. That is an article taken from Women's Wear Daily, New York, February 13th, 1936, a further confirmation

Henry

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page 20.

BY MR. KELLER: ... and what does it show?

A. It shows, that in the year 1935 the total ...

... goods exports from Japan were 448,195,000 ...

... and the total ... exports were 30,575,4 ...

10

BY THE COMMISSIONER: ... now does that compare with ...

A. The 1935 figure, my lord, was ...

345,000,000 ... of Japan cloth, and 22,000,0 ...

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... of Japan yarn.

... taken from Japan ... March, 1935, page 20.

BY MR. KELLER: ... in this exhibit 300, you have ...

the totals first, and then the detail below that?

20

A. Yes, that is so.

THE COMMISSIONER: ... is ... mentioned at all ...

in exhibit 300?

MR. KELLER: ... in exhibit 300, ...

25

the middle of the page.

THE COMMISSIONER: ... all right.

BY MR. KELLER: ... Then I am showing you this ...

... which will be exhibit 300; what is that?

30

...

...

of the trend of Japanese rayon exports in January, 1936; it is headed "Japanese Fabric exports Up Sharply in 1935," and reads as follows:

5 "Yokohama. - Exports of Japanese rayon
textiles for 1935 totaled 421,141,000 square
yards, gaining 78,435,000 square yards or
22.8 per cent. over 1934, according to the
Japan Rayon Association. As with cotton textiles
10 the extent of gain was smaller. The gain of
1931 over 1930, for example, was 55.3 per cent.
while 1932 showed a gain of 73.2 per cent over
1931. In yards, it will be noticed that the 1935
gain was 78,486,000 while that in 1934 was
15 85,600,000.

The same association has made known that
Japan's exports of rayon yarn last year were
30,427,000 pounds, rising 36.9 per cent over
20 1934. This was caused by general expansion of the
European and Oriental outlets for the fiber,
due to the withdrawal of Italy from the field
following the outbreak of trouble in Ethiopia.
Japanese yarn found its way to Latin America,
25 Africa and Australia in large quantities.
Exports of yarn were especially pronounced to
Australia and to Argentina."

MR. KELLOCK: That will be Exhibit 351, my lord.

30 THE COMMISSIONER: Yes.

EXHIBIT 351: Article from Women's Year Daily,
Feb. 13, 1936, re Japanese Rayon
Fabric Exports.

BY MR. KELLOCK: Q. Now, Mr. Berry, had you prepared a comparative table of Japanese exports and imports from Great Britain of cotton piece goods?

5 A. Yes. This is a table, my lord, of total cotton piece goods exports from Great Britain and from Japan in the years 1924 to 1935.

THE COMMISSIONER: That will be Exhibit 352.

10 EXHIBIT 352: Table of total cotton piece goods exports from Great Britain and Japan, 1924 to 1935, incl.

THE WITNESS: In brief, this shows--

15 THE COMMISSIONER: Pardon me, it says here, "Economic and Statistical Department," is that the United States?

THE WITNESS: No, my lord, it is a joint committee of cotton trade organizations, Manchester.

THE COMMISSIONER: Oh, yes.

20 7 BY MR. McRUER: That is a Textile Association in England, similar to yours here? A. No, it is an overriding organization.

Q. It is not a governmental organization?

A. By no means. It includes--

25 Q. An organization of the industry itself?

A. It includes representatives of the labor organizations as well as the employers.

30 BY MR. KELLOCK: Q. It includes what? A. Representatives of the labor organizations as well as the employers.

BY MR. McRUER: Q. It is an organization of the

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Q. Now, Mr. Brydie, had you

prepared a representative table of Japanese exports and

imports from Great Britain of cotton piece goods?

A. Yes. This is a table, my lord, of total cotton

piece goods exports from Great Britain and from Japan

in the years 1924 to 1926.

THE COMMISSIONER: That will be Exhibit 302.

EXHIBIT 302: Table of total cotton piece goods
exports from Great Britain and
Japan, 1924 to 1926, incl.

THE COMMISSIONER: In brief, this shows--

THE COMMISSIONER: London, he says, and

economic and statistical department," is that the

United States?

THE COMMISSIONER: No, my lord, it is a joint committee

of cotton trade organizations, Manchester.

THE COMMISSIONER: Yes.

BY MR. BRYDIE: That is a Textile Association

in England, similar to yours here? A. No, it is

an overruling organization.

A. It is not a governmental organization?

A. By no means. It includes--

A. An organization of the industry itself?

A. It includes representatives of the labor organi-

zations as well as the employers.

BY MR. BRYDIE: It is similar to the

organization of the labor organizations as well

as the employers.

THE COMMISSIONER: It is an organization of the

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Berry

industry, though? A. Yes.

BY MR. KELLOCK: Q. All of them employers and employees? A. That is correct.

BY MR. McRUER: Q. Principally employers? A. I cannot say.

BY MR. KELLOCK: Q. I see that some of the information is taken from the Manchester Guardian, January 17th, 1936; you have indicated the source in each case? A. That is correct.

Q. Now, what does that show, Mr. Berry? A. It shows that Great Britain's export of cotton piece goods fell from 4,000,000,000 square yards in 1934, to 1,000,949,000 in 1935, while at the same time Japan's exports of cotton piece goods increased from 960,000,000 in 1924 to 2,710,000,000 square yards.

Q. And it also shows the comparable figures for each year in between? A. Yes.

Q. And I am showing you this Document, which will be Exhibit 353; what is that, Mr. Berry? A. This is the source of part of the figures in Exhibit 352, together with the material that was published with the table.

EXHIBIT 353: Article from Manchester Guardian January 17th, 1936, re Cotton piece goods exports.

THE WITNESS: It reads as follows:

"MANCHESTER GUARDIAN, Jan. 17, 1936.

For the third year in succession Japan's exports of cotton piece goods have exceeded the United

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Yes.

Q. All of them employees and

A. That is correct.

Q. Now, is that all the employees?

A. Yes.

Q. Now, I see that some of the labor

article is taken from the Manchester Guardian, January

15th, 1938; you have indicated the source in each case

A. That is correct.

Q. Now, what does that mean, Mr. Brydie?

A. It means that the figures in the

article from 4,000,000,000 square yards in 1935, to

1,000,000,000 in 1938, which is the same time Japan's

export of cotton piece goods increased from

200,000,000 in 1935 to 2,710,000,000 square yards.

Q. And it also shows the comparative figures for

each year is correct?

A. Yes.

Q. And I am showing you this document, which will

show the figures for each year, Mr. Brydie?

A. The source of part of the figures in Exhibit 382,

together with the material that was published with

the article.

Article from Manchester Guardian

January 15th, 1938, re cotton piece

goods exports.

THE FIGURES : It reads as follows:

Exports of cotton piece goods, 1935, 200,000,000

Exports of cotton piece goods, 1938, 2,710,000,000

Exports of cotton piece goods, 1935, 200,000,000

Kingdom's and for the second year in succession the excess was a substantial one. As recently as 1929 the British exports were more than double the Japanese, but last year the British exports were only 71.9 per cent. of the Japanese, the British figure having contracted by 46.9 per cent. during the period, while the Japanese increased by 51.3 per cent. The trends are shown in the following table:

| | (000,000's omitted) | |
|------|---------------------|-----------------|
| | U.K. | Japan |
| | <u>sq.yds.</u> | <u>sq. yds.</u> |
| 1935 | 1,949 | 2,710 |
| 1934 | 1,993 | 2,577 |
| 1933 | 2,031 | 2,090 |
| 1932 | 2,198 | 2,032 |
| 1931 | 1,716 | 1,414 |
| 1930 | 2,407 | 1,572 |
| 1929 | 3,672 | 1,791 |

Although in 1935 the United Kingdom and Japan between them held a larger share of the total world trade in cotton piece goods than they did in 1929, the total of their exports, at 4,659,000,000 square yards last year, compares with a total of 5,463,000,000 square yards in the earlier year."

BY MR. KILLOCK: Q. That is Exhibit 353, and that deals with cotton. Then have you some information on rayon? A. Yes. This table is prepared from two sources, first, the export of rayon piece goods in

Kingdom's and for the second year in succession the excess was a substantial one. As recently as 1932 the British exports were more than double the Japanese, and last year the British exports were only 71.3 per cent. of the Japanese, the British figure having contracted by 46.9 per cent. during the period, while the Japanese increased by 21.3 per cent. The trends are shown in the following table:

(1933, 1932's omitted)

| Year | Exports to Japan | Imports from Japan |
|------|------------------|--------------------|
| 1933 | 1,745 | 2,712 |
| 1932 | 1,745 | 2,712 |
| 1931 | 1,745 | 2,712 |
| 1930 | 1,745 | 2,712 |
| 1929 | 1,745 | 2,712 |
| 1928 | 1,745 | 2,712 |
| 1927 | 1,745 | 2,712 |
| 1926 | 1,745 | 2,712 |
| 1925 | 1,745 | 2,712 |
| 1924 | 1,745 | 2,712 |
| 1923 | 1,745 | 2,712 |
| 1922 | 1,745 | 2,712 |
| 1921 | 1,745 | 2,712 |
| 1920 | 1,745 | 2,712 |
| 1919 | 1,745 | 2,712 |
| 1918 | 1,745 | 2,712 |
| 1917 | 1,745 | 2,712 |
| 1916 | 1,745 | 2,712 |
| 1915 | 1,745 | 2,712 |
| 1914 | 1,745 | 2,712 |
| 1913 | 1,745 | 2,712 |
| 1912 | 1,745 | 2,712 |
| 1911 | 1,745 | 2,712 |
| 1910 | 1,745 | 2,712 |
| 1909 | 1,745 | 2,712 |
| 1908 | 1,745 | 2,712 |
| 1907 | 1,745 | 2,712 |
| 1906 | 1,745 | 2,712 |
| 1905 | 1,745 | 2,712 |
| 1904 | 1,745 | 2,712 |
| 1903 | 1,745 | 2,712 |
| 1902 | 1,745 | 2,712 |
| 1901 | 1,745 | 2,712 |
| 1900 | 1,745 | 2,712 |

Although in 1933 the United Kingdom and Japan between them had a larger share of the total world trade in cotton piece goods than they did in 1932, the total of their exports, at 4,663,000,000 square yards last year, compares with a total of 4,463,000,000 square yards in the earlier year.

BY THE KINGDOM OF JAPAN: The total in 1933, and last year, was 2,712,000,000 square yards, and last year, 2,712,000,000 square yards.

million square yards from the United Kingdom, and Japan, - the United Kingdom for the years 1930 to 1935, taken from the accounts of Trade and Navigation of the U.K. and official publication; and the exports from Japan for the years 1931 to 1935 taken from the rayon Organon of May, 1935. This table shows that Great Britain's export of rayon piece goods increased from 7,000,000 square yards in 1930, to 13,000,000 in 1935, whereas Japan increased her exports of rayon piece goods at the same time from 139,000,000 square yards in 1931 to 421,000,000 square yards in 1935.

Q. Now, Mr. Berry, I would like you to deal a little more particularly with some of the countries which are included in those figures, to show the Japanese exports to those various countries, a few of them. And we might deal, first, with British Crown Colonies? A. Following an extended series

of negotiations with Japanese Textile representatives in Great Britain, no conclusion was reached as to probable control of exports from Japan and from Great Britain of cotton piece goods to the various British Colonies, and the British Government, therefore, found it necessary to impose the quota system in all British Colonies which were not bound by treaty to remain in an open-door policy.

BY THE COMMISSIONER: Q. What do you mean by British Colonies? Have you got a list of them? A. Yes, my lord.

million square yards from the United Kingdom, and Japan - the United Kingdom for the years 1950 to 1955, taken from the accounts of trade and navigation of the U.K. and official publication; and the exports from Japan for the years 1951 to 1955 taken from the rayon export of rayon piece goods increased from 7,000,000 yards in 1950, to 13,000,000 in 1955, whereas Japan increased her exports of rayon piece goods at the same time from 13,000,000 yards in 1951 to 421,000,000 yards in 1955.

Now, Mr. Henry, I would like you to deal a little more particularly with some of the countries which are included in those figures, to show the Japanese exports to those various countries, a few of them.

Following an extended series of negotiations with Japanese textile representatives in Great Britain, no conclusion was reached as to possible control of exports from Japan and from Great Britain of cotton piece goods to the various British Colonies, and the British Government, therefore, found it necessary to impose the quota system in all British Colonies which were not bound by treaty to remain in an open-door policy.

THE CHAIRMAN: What do you mean by that? Have you got a list of them?

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The announcement of the imposition of this quota system is recorded in the Monthly Record of the Manchester Chamber of Commerce for May, 1931, and it is headed "Japanese Competition. Import quotas on Textiles and the British Colonial Empire."

"It will be recalled that in the April issue of the Monthly Record we reported a statement made by Sir Thomas Barlow, in which he said that the Special Committee on Japanese Competition, although very much desiring the maintenance of good political relations between Japan and England, doubted the usefulness of the inter-governmental discussions on trade matters proposed by the Japanese Government."

BY MR. McRUER: Q. Who is saying this, Mr. Barry?

A. Sir Thomas Barlow.

Q. Who is he? A. I will have to refer to that, Mr. McRuer.

Q. Is he a representative of the Government, or a man interested in the trade? A. Apparently a man interested in the trade, speaking on behalf of his Federal Committee.

MR. GORDON: He is Chairman of one of the Sections of the Manchester Chamber of Commerce.

THE WITNESS: Mr. Gordon informs me that he is the Chairman of one of the Sections of the Manchester Chamber of Commerce.

BY MR. McRUER: Q. A Textile section of the

The announcement of the imposition of this gross
system is recorded in the Monthly Record of the
it is needed "Japanese Competition. Japan's position
"It will be recalled that in the April issue
of the Monthly Record we reported a statement
made by Mr. Thomas Barlow, in which he said
that the Special Committee on Japanese Competition
although very much desiring the maintenance of
discussed the necessity of the inter-governmental
discussions on these matters proposed by the
Japanese Government."

BY MR. MONTGOMERY: Who is saying this, Mr. Barry?

A. Mr. Thomas Barlow.

Q. Who is he? A. I will have to refer to that.

Q. Is he a representative of the Government, or
a man interested in the trade? Apparently a
man interested in the trade, speaking on behalf of his
legislative Committee.

MR. MONTGOMERY: He is Chairman of one of the sections
of the International Chamber of Commerce.

MR. MONTGOMERY: Mr. Barry informs me that he is the
Chairman of one of the sections of the International
Chamber of Commerce.

MR. MONTGOMERY: A further section of the

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Manchester Chamber of Commerce? A. Apparently,
Mr. McRuer, a special committee on Japanese competition.
The article continues:

"This opinion seems to have been shared
by the British Government --"

BY THE CONTINUATION: Q. The opinion was, that there
was no use having governmental conferences that did
not produce results? A. Yes, my lord.

"This opinion seems to have been shared by
the British Government judging from a statement
made in the House of Commons by Mr. Runciman,
President of the Board of Trade, on the 7th of
May, in which he announced, that the Crown
Colonies and Protectorates would be asked
immediately to introduce import quotas, based
on the average imports of the years 1927-1931
to regulate imports of foreign cotton and
artificial silk goods." These quotas would be
retrospective applying as from 7th of May, in
all the Crown Colonies with the exception of
West and East Africa.

"In the case of West Africa, comprising
Nigeria, Gambia, Gold Coast and Sierra Leone,
the expiration of the Anglo-Japanese Commercial
Treaty on the 16th May makes possible dis-
criminatory measures against Japanese goods
alone, while in East Africa, which includes
Uganda, Tanganyika, Keny, Nyasaland, Zanzibar

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and part of Northern Rhodesia, the Congo Basin Treaties guarantee the preservation of the "open door". No action can be taken in Sudan which is in a Customs union with Egypt, and the quota will not apply to Hong Kong on account of the big entrepot trade.

As far as the United Kingdom market is concerned, the decision has been taken to review the silk and artificial silk duties in accordance with the report of the Import Duties Advisory Committee, which will be completed as quickly as possible.

The Dominions have been fully informed of the action that has been taken, but it has been left to them to take any initiative they see fit.

In making this announcement Mr. Runciman emphasized the fact that there has been no break with Japan, and that the British Government is still inspired with the friendliest feelings towards that country. He stressed the view that the British Government would be willing to listen to any proposals Japan might bring forward at any time.

The text of Mr. Runciman's speech announcing the Government's policy, reads as follows:

'The House will remember that when I last made a statement on this subject, on 15th March,

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and part of Northern Rhodesia, the Congo Basin
"open door". No action can be taken in regard
which is in a Customs union with Egypt, and the
quote will not apply to any long on account
of the big entrapment trade.
as far as the United Kingdom market is
concerned, the decision has been taken to review
the silk and artificial silk duties in accordance
with the report of the Import Duties Advisory
Committee, which will be completed as early
as possible.
The Committee have been fully informed
of the action that has been taken, but it has
been left to them to take any initiative they
see fit.
In making this announcement Mr. Hinchman
emphasized the fact that there has been no break
with Japan, and that the British Government is
still inspired with the friendliest feelings
towards that country. He stressed the view that
the British Government would be willing to listen
to any proposals Japan might bring forward at any
time.
The House will remember that when I last
made a statement on this subject, in 1946,

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I informed them that on the failure of the representatives of the Textile industries of Japan and of this country to come to an agreement the whole position was under review between the two governments. When I saw the Japanese Ambassador on the 16th of March, I handed him a memorandum enquiring whether in the circumstances the Japanese Government had any proposals to put forward for dealing with the problem. On 31st March, I received a reply in which the Japanese Government expressed their willingness to consider any further proposals which his Majesty's Government in the United Kingdom might make, but made no proposals of their own.

The Government have considered the whole problem again very carefully in the light of this reply. It is already a year since his Majesty's Government drew the attention of the Japanese government to this serious position arising from Japanese competition.

It is, of course, of the utmost importance that every effort should be made to deal with a problem of this magnitude in the most appropriate way. Unfortunately there appeared to be nothing in the Japanese Government's note of 31st March to suggest that an early agreement on this subject was to be expected.

Although, therefore, the Government still

5 hold the view that the problem which faces us
is one which can only be settled satisfactorily
by cooperation in some form between Japan and
ourselves, his Majesty's Government cannot allow
a situation to develop in which negotiations
are protracted indefinitely without any immediate
prospect of success, and during this time the
Japanese - quite naturally, from their point of
view--are continuously expanding their exports
10 in our markets to the detriment of Lancashire,
while our hands are tied.

15 Accordingly, his Majesty's Government have
come to the conclusion that they would not be
justified any longer in postponing in the hope
of agreement such action as is open to them
with a view to safeguarding the trade of this
country.

20 I, therefore, informed the Japanese Ambassador,
on Thursday, that in the circumstances his
Majesty's Government were obliged to resume their
liberty to take such action as they deemed
necessary to safeguard our commercial interests.
25 I assured him - and I am confident the House will
join me in this,-that such steps as it was
proposed to take would be taken in no unfriendly
spirit."

30 Then the article goes on to give the details of the
various quotas, my lord.

MR. McRUER: Might we have that filed?

THE COMMISSIONER: Show it to me, please. That
will be Exhibit 355:

5 EXHIBIT 355: Monthly record, Manchester Chamber
of Commerce. Article at page 133,
re Japanese Competition.

BY MR. KELLOCK: Q. Then I see, Mr. Berry, that
you have prepared a table showing the dates of the
imposition of quotas of the various Crown Colonies,
10 That will be Exhibit 356.

THE COMMISSIONER: Yes, Exhibit 356.

EXHIBIT 356: Table showing dates of imposition
of Textile Quotas in British Colonies.

THE WITNESS: That again is taken from subsequent
15 issues of the Manchester Chamber of Commerce Record.

BY MR. KELLOCK: Q. The Monthly record dated
December 31st, 1934, page 379. That is the monthly
record?

20 THE COMMISSIONER: You are putting that in too, are
you?

MR. KELLOCK: Yes, my lord.

THE COMMISSIONER: That is the same publication, is it?

25 THE WITNESS: Yes, the same publication dated
December 31st, 1934.

THE COMMISSIONER: What page?

THE WITNESS: 379, my lord.

THE COMMISSIONER: December 31st, 1934?

THE WITNESS: Yes, my lord.

30 THE COMMISSIONER: Allright, where does the Monthly
Record come from?

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Mr. Chairman: I have just read

the statement of Mr. Kilgus; now it is to me, please. That

will be Exhibit 303.

EXHIBIT 303
of Commerce, Article at page 133,
to Japanese Competition.

BY MR. KILGUS: Then I see, Mr. Brydie, that

you have prepared a table showing the rates of the
composition of quotas of the various Crown Colonies.

That will be Exhibit 303.

MR. KILGUS: Yes, Exhibit 303.

EXHIBIT 304
Table showing rates of importation
of textile quotas in various Colonies.

THE CHAIRMAN: That again is taken from subsequent

issues of the Journal for October of Commerce Record.

BY MR. KILGUS: The monthly record dated

December 31st, 1934, page 379. That is the monthly

record.

THE CHAIRMAN: You are putting that in too, are

you?

MR. KILGUS: Yes, my lord.

THE CHAIRMAN: That is the same publication, is

the same, the monthly record?

December 31st, 1934.

THE CHAIRMAN: That page?

THE WITNESS: Yes, my lord.

THE CHAIRMAN: December 31st, 1934?

THE WITNESS: Yes, my lord.

THE CHAIRMAN: All right, when does the monthly

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THE WITNESS: It is furnished by the Manchester Chamber of Commerce, in Manchester, my lord.

BY MR. KELLOCK: Q. And that shows what? A. This shows the detail of some of the quotas which were enclosed following the announcement of the intention to impose quotas in the various colonies. There are only a few of them given in detail in this issue. For instance, in the Bahamas, the total of cotton goods imported in 1933 is given as 640,000 yards, whereas the quotas allotted to other countries for 1934, shows a quota allotted to Japan of 11,000 yards.

In the British Honduras, total imports of cotton goods in 1933, were 10,970,000 yards, whereas in 1934 the quota allotted to Japan was 87,000 yards.

In Jamaica, 1933, the imports were 17,250,000 yards, and for 1934, Japan was allotted a quota of 375,000 yards.

In Trinidad, 1933 imports were 9,700,000 yards. And in 1934 Japan was allotted a quota of 295,000 yards. That is the detail of the operation of some of the quotas, my lord.

BY THE COMMISSIONER: Q. I see there were quotas imposed against United States products too? A. Yes, my lord.

EXHIBIT 357: Monthly Record, December 31, 1934, page 379, showing Textile quotas in British West Indies.

BY MR. KELLOCK: Q. Then, Mr. Berry, what is this? A. This is an extract from the Manchester Guardian,

THE VINTAGE: It is furnished by the Vancouver

Quarter of Commerce, in Vancouver, my lord.

BY MR. BRYDIE: And the other side of the

shows the result of some of the parties which were

mentioned in the report of the Vancouver

to the parties in the various colonies. There was

only a few of them given in detail in this report.

For instance, in the Vancouver, the total of cotton

imported in 1908 is given as 64,000 yards, whereas

the figures allotted to other countries for 1908, those

of 1908 are given as 11,000 yards.

In the various colonies, total imports of cotton

were in 1908, 10,370,000 yards, whereas in 1908

the figures allotted to other countries for 1908, those

of 1908 are given as 11,000 yards, whereas in 1908

and for 1908, 10,370,000 yards, whereas in 1908

10,370,000 yards.

In Trinidad, 1908 imports were 2,700,000 yards.

and in 1908 the figures allotted to other countries for 1908, those

of 1908 are given as 11,000 yards, whereas in 1908

10,370,000 yards.

In the various colonies, total imports of cotton

were in 1908, 10,370,000 yards, whereas in 1908

10,370,000 yards, whereas in 1908 the figures allotted to other countries for 1908, those of 1908 are given as 11,000 yards.

In the various colonies, total imports of cotton

were in 1908, 10,370,000 yards, whereas in 1908

dated March 2nd, 1936. This deals with British Trade in the Sudan. The Sudan is one of the British countries in which it was not possible to set up any quota on imports of textile goods.

5 Q. Why was it not possible? A. The Sudan was in customs union with Egypt, and, therefore, was bound to be relieved of quota restrictions. I will read this article in part, my lord. It is headed "British Trade in the Sudan" "Japan's Competition".

10 THE COMMISSIONER: These are imports, are they?

THE WITNESS: Yes, my lord, imports into the Sudan.

Q. Oh, just into the Sudan? A. Yes, my lord. From Great Britain, in 1935, 285 tons; from Japan 7,742, 15 2 from Egypt, 282.

MR. KELLOCK: That will be Exhibit 358, my lord.

EXHIBIT 358: Article from Manchester Guardian, March 2nd, 1936, re British Trade in the Sudan, Britain Japan's competition.

20 Then I am showing you the Textile Mercury and Argus, Manchester, January 31st, 1936.

THE COMMISSIONER: What is the name of it?

MR. KELLOCK: It is the Textile Mercury and Argus, of Manchester, my lord.

25 THE WITNESS: It is a semi-monthly publication, a Textile magazine published in Manchester, my lord.

BY THE COMMISSIONER: Q. The Textile Mercury and Argus? A. Yes, my lord.

30 BY MR. KELLOCK: Q. And this deals with what, Mr. Berry? A. This deals with imports of

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cotton piece goods and rayon piece goods into Tanganyika Territory, which is one of the territories in which no quotas were possible under the Colony quota regulation system, which shows that during the period January to October, 1935, imports from Japan were 1,406,693 square yards whereas in 1934 the imports from Japan were 1,000,000 yards. At the same time the United Kingdom imports, in the same periods, respectively, are 7,000 and 5,000 yards only.

Q. Then the October figures are in the bottom paragraph, apparently? A. Yes, during October, 1935, imports of rayon piece goods totalled 161,848 yards, of which Japan supplied 148,235 yards and the United Kingdom, 1,189 yards.

MR. KELLOCK: That will be - Exhibit 359, my lord?

THE COMMISSIONER: Yes.

EXHIBIT 359: Extract from Textile Mercury and Argus, January 31, 1936, re imports into Tanganyika Territory, 1935 and 1934.

Q. I would like you to deal with Australia, Mr. Berry?

THE COMMISSIONER: With Australia?

MR. KELLOCK: Yes, my lord.

Q. What is this, Mr. Berry? A. An extract from the Manchester Guardian of April 12th, 1935,

MR. KELLOCK: That will be Exhibit 360, my lord.

THE COMMISSIONER: Yes. The 12th of April, 1935?

MR. KELLOCK: Yes, my lord.

Q. And this is on what subject, Mr. Berry?

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cotton piece goods and rayon piece goods into

Tanganyika Territory, which is one of the territories

in which no quotas were possible under the Colony

quota system, which shows that during the

period from 1934 to 1935, the total value of

imports from Japan were 1,000,000 yards. At the same

time the United Kingdom imports, in the same periods,

respectively, are 7,000 and 5,000 yards only.

. Then the October figures are in the bottom

of the table, showing that the total value of

imports of rayon piece goods totalled 141,300

yards, of which Japan supplied 140,300 yards and

the United Kingdom, 1,000 yards.

MR. KILBICK: That will be a Exhibit 888, my lord.

THE COMMISSIONER: Yes, my lord.

MR. KILBICK: That will be a Exhibit 889, my lord.

THE COMMISSIONER: Yes, my lord.

MR. KILBICK: That will be a Exhibit 890, my lord.

THE COMMISSIONER: Yes, my lord.

MR. KILBICK: That will be a Exhibit 891, my lord.

THE COMMISSIONER: Yes, my lord.

MR. KILBICK: That will be a Exhibit 892, my lord.

THE COMMISSIONER: Yes, my lord.

MR. KILBICK: That will be a Exhibit 893, my lord.

THE COMMISSIONER: Yes, my lord.

MR. KILBICK: That will be a Exhibit 894, my lord.

THE COMMISSIONER: Yes, my lord.

MR. KILBICK: That will be a Exhibit 895, my lord.

THE COMMISSIONER: Yes, my lord.

A. This is on the subject of the commencement of some trade negotiation between Japan and Australia with regard to the state of trade between the two countries at that time.

Q. Will you read that, Mr. Berry, please?

A. Yes. It reads as follows:

"AUSTRALIA AND JAPAN

While the Australian Ministers are negotiating with the British Government trade negotiations are taking place in Australia between the Australian and Japanese Governments. These are being watched with much interest and expectancy in Japan. In a message to a newspaper supplement the Japanese Minister of Commerce explains in familiar phrases why the trade of the two countries is not 'satisfactory' - 'the reason is plain; the trade balance is one-sided, the ratio being three to one, or even four to one, against Japan.' Japan therefore feels strong enough to indulge in a little plain speaking on another familiar subject, the Australian tariff. A 'Japan-Australia Trade Discussion Council' has been formed at Osaka, and at its first meeting speakers complained that Lancashire cotton goods had a preferential advantage over Japanese of 26.5 per cent, which they thought was 'going rather far, even in consideration of the spirit of Ottawa.'

4475-2

A. This is on the subject of the commercial of
these countries. I have been talking with
the state of trade between the two
at that time.

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Q. Will you read that, Mr. Brydie, please?
A. Yes. It reads as follows:

"AUSTRALIA AND JAPAN"

While the Australian Ministers are

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negotiating with the Japanese Government for

commercial and trading terms in Australia

and the Japanese Government has been

very anxious to reach an agreement with them

and expectancy in Japan. In a message to a

member of parliament the Japanese Minister of

commerce declared in familiar terms that the

trade of the two countries is not 'anti-competitive'.

'The reason is plain; the trade balance is one-

sided, the ratio being three to one, or even

four to one, in Japan's favor. This situation

is a source of anxiety in a little

plain speaking on another familiar subject, the

Australian tariff. A 'Japan-Australia Trade

Discussion Council' has been formed at Osaka, and

at its first meeting members complained that

Japanese cotton goods had a preferential

advantage over Japanese of 35.5 per cent, which

was 'going rather far, even in

The tariff on Japanese silks, they said, was prohibitive, and Australians were buying

Japanese silk goods through the United Kingdom instead of shipping them direct from Japan.

The speakers had no complaints to make about the trade in rayon goods, which has grown from 2,500,000 yen in 1932 to 16,000,000 yen last year, and permitted themselves the extraordinary boast that

Japan can produce rayon yarn at a third of the British and American price, and rayon piece

goods at even greater advantage. As in all

bilateral discussions each side must be equipped

with a stick to use against the other, the

Japanese hint that they may turn to South Africa

and South America for their wool, and Australia

is invited to make haste before barter bargains on

wool and wheat are made with her rivals. The

Australian Government is, however, taking its

time. Perhaps the delay is not unconnected with

the London discussions."

Then I am showing you a table, Mr. Berry.

THE COMMISSIONER: A table of what?

BY MR. KELLOCK: Q. What does that show?

A. Tariff rates and imports during 1935 of rayon piece goods in Australia.

BY THE COMMISSIONER: Tariff rates and imports?

A. Yes, my lord. I might explain, sir, that the source is not noted on this exhibit. The tariff rates

The tariff on Japanese silks, they said, was
prohibitive, and manufacturers were unable

Japanese silk goods through the United States
instead of shipping them direct from Japan.
The speakers had no complaints to make about the
trade in rayon goods, which has grown from
\$2,500,000 yen in 1922 to 16,000,000 yen last year,
and permitted themselves the extreme luxury boast
Japan can produce rayon yarn at a third of the
cost of American rayon yarn, and rayon fabric
goods at even greater advantage. As in all

bilateral discussions each side must be equipped
with a stick to use against the other, the
Japanese hint that they may turn to South Africa
and South America for their wool, and Australia
is invited to make haste before better bargains can
be made with her rivals. The
Australian government is, however, taking its
time. Perhaps the delay is not unconnected with

the London Convention.

Then I am showing you a table, Mr. Henry.

THE COMMISSIONER: A table of what?

MR. HENRY: A table of what?

A. Tariff rates and imports during 1922 of rayon

and other goods.

THE COMMISSIONER: Tariff rates and imports?

MR. HENRY: Yes, sir.

THE COMMISSIONER: The tariff rate

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6179-D

Berry

are taken from the official tariff rates published by the Australian Trade Commissioner in Canada, and the Calandar year, 1935, taken from newspaper dispatches taken from Great Britian, which are not available at the moment.

BY MR. KELLOCK: Q. And that shows what? A. This shows that a tariff on British piece goods and rayon piece goods into Australia, is --

Q. Do you know up to what perbod those rates apply?

A. Those rates were in effect during the whole of 1935.

Q. All right?

A. The imports for the Calandar year, 1935, from Japan, were 65,800,000 yards, and from Great Britain 7,184,000 yards.

Q. That is on artificial silk? A. On artificial silk fabrics.

MR. KELLOCK: That will be Exhibit 361, my lord.

THE COMMISSI NER: 361, yes.

EXHIBIT 361: Tariff rates and imports, artificial silk fabrics, Australia.

BY MR. KELLOCK: Q. Then I am showing you, Mr. Berry, Exhibit 362, another extract from the Manchester Guardian of April 1st, 1936, and that deals with what?

A. This deals with the comparison of imports into Australia from the United Kingdom and Japan on cotton piece goods, rayon and mixture piece goods, and rayon yarns.

MR. KELLOCK: I see, my lord, that attached

Healy

8173-D

are taken from the official tariff rates published
 by the Australian Trade Commissioner in Canada, and
 taken from Great Britain, which are not available at
 the moment.

BY MR. KELLER: And that shows what? A. This
 shows that a tariff on British piece goods and rayon
 piece goods into Australia, is --

Q. Do you know up to what period those rates apply?
 A. Those rates were in effect during the whole of

Q. All right? A. The imports for the calendar
 year, 1935, from Japan, were 65,800,000 yards,
 and from Great Britain 7,184,000 yards.
 Q. That is an artificial silk?
 A. Yes.

MR. KELLER: That will be Exhibit 361, my lord.
 THE COMMISSIONER: Yes, yes.

EXHIBIT 361
 Tariff rates on imports
 of artificial silk from
 Japan and Great Britain.

BY MR. KELLER: Then I am showing you, Mr. Healy,
 Exhibit 361, another extract from the Manchester Guardian
 of April 1st, 1936, and that deals with what?

A. This deals with the comparison of imports into
 Australia from the United Kingdom and Japan on cotton
 piece goods, rayon and mixture piece goods, and rayon

to the original is a graph which was not possible to reproduce in your Lordship's copy.

THE WITNESS: The article is headed "Australia and Lancashire, Japan's Competition in Cotton and Rayon."

The conditions of the trade in Cotton Textiles with Australia have been discussed in Manchester during the past two days with Dr. Page, the Deputy Prime Minister of Australia. The accompanying diagram shows the relative positions of Lancashire and Japan in the Australian market during the last five years. Since 1933 Lancashire's exports have declined both in actual quantity and in proportion to Australia's total imports. In part this is the result of the development of the Australian industry, but in a large measure because of the competition of Japan.

The first section of the diagram shows the course of the trade in cotton piece-goods. Last year Lancashire exported even less than in the bad year 1931; Japan exported more than four times as much as she did in 1931. In the majority of classes of cotton piece-goods the British margin of preference is from 20 to 25 per cent ~~and~~ ad valorem.

In rayon piece-goods and mixtures of cotton and rayon (shown as one total in the second diagram) Japan has captured and created a large market. Some of the fall in the consumption of

to the original is a graph which was not possible to

reproduce in this form.

THE RESULT: The article is headed "Australia

and Lancashire, Japan's Competition in Cotton and Rayon

The conditions of the trade in Cotton Textiles

With Australia have been discussed in Manchester

during the past two days with Dr. Hage, the Deputy

Prime Minister of Australia. The accompanying

diagram shows the relative positions of Lancashire

and Japan in the Australian market during the last

five years. Since 1928 Lancashire's exports have

declined both in actual quantity and in proportion

to Australia's total imports. In part this is the

result of the development of the Australian

industry, but in a large measure because of the

competition of Japan.

The first section of the diagram shows

the course of the trade in cotton piece-goods.

Last year Lancashire exported even less than in the

bad year 1931; Japan exported more than four times

as much as she did in 1931. In the majority

of classes of cotton piece-goods the British

margin of preference is from 25 to 35 per cent

and in favour of Japan.

The second section shows the position of rayon

and rayon fabrics in the trade in the same

direction. Japan has a large and growing share

in the trade in rayon fabrics and in the

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cotton goods must be attributed to the substitution of rayon and rayon mixtures for cotton.

In spite of a margin of preference of 20 per cent in favour of British goods, British exports have

shown little change. British rayon piece-goods

have made some small advance -from 1,170,000

square yards in 1931 to 2,840,000 yards in 1935,

but rayon and cotton mixtures have fallen from

7,000,000 yards in 1934, to 4,344,000 yards last year

(they were 4,500,000 yards in 1931).

Japanese rayons, almost entirely pure rayon,

with few mixtures, have risen steadily from

1,300,000 yards in 1931 to 63,800,000 yards last

year.

In rayon yarns the course of trade has

been less consistent British yarn exports in 1934

and 1935 were much higher than in the three

preceding years. Japanese exports have been

capricious, jumping from 371,000 lb. in 1931 to

1,037,000 lb. in 1932, dropping to 364,000 lb. in 1933

and to 46,000 lb. in 1934, only to rise to

1,340,000 lb last year. But since Japan is now

under great pressure to export rayon yarn, as

her production is increasing more rapidly than the

world consumption of her rayon piece-goods, she

may become a still more formidable competitor.

Negotiations for a trade agreement between

Australia and Japan have been going on for months,

...the ...

tion of rayon and rayon mixtures for cotton.

in case of a margin of preference of 20 per cent

in favor of British goods, British exports have

...

have made some small advance - from 1,170,000

yards in 1931 to 2,840,000 yards in 1935,

but rayon and rayon mixtures have fallen from

2,000,000 yards in 1931 to 1,744,000 yards last

...

(they were 4,500,000 yards in 1931).

Japanese rayon, almost entirely pure rayon,

with few mixtures, have risen steadily from

1,500,000 yards in 1931 to 2,800,000 yards last

...

In rayon yarn the amount of trade has

been less a consistent British yarn export in 1931

and 1935 were much higher than in the three

...

experiments, jumping from 271,000 lb. in 1931 to

1,607,000 lb. in 1935, dropping to 324,000 lb. in

and to 46,000 lb. in 1934, only to rise to

1,320,000 lb last year. But since Japan is now

under great pressure to export rayon yarn, as

her production is increasing more rapidly than the

world consumption of her rayon piece-goods, and

...

...

...

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but no conclusion has been arrived at. Japan has been trying hard to secure an assured market for her textiles as the condition of taking a large part of Australia's wool clip."

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MR. KELLOCK: Your lordship might like to see the draft attached.

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Q. Then, Mr. Berry, I am showing you, as the next exhibit, No. 363, the Manchester Guardian of April 14, 1936, what is that, please? A. This article contains a forecast of increased Australian duties on Japanese textiles.

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BY THE COMMISSIONER: Q. A forecast? A. Yes, my lord.

BY MR. McRUER: Q. A forecast? A. Yes.

Q. Who is the prophet?

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THE WITNESS: It is a forecast of Australian duties in Japanese textiles, this was in April 14th, 1936.

BY THE COMMISSIONER: Has the forecast been verified since? A. Yes, my lord.

BY MR. McRUER: Q. This comes from Great Britain? A. Yes.

25

. Does the forecast emanate from Great Britain?

A. No, Mr. McRuer; it quotes a Japanese newspaper.

Q. A Japanese newspaper? A. Yes, Mr. McRuer.

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Q. I would have thought it would have been an Australian Governmental source.

BY THE COMMISSIONER: Q. This was a forecast

but no explanation has been arrived at. Japan has

for her textiles as the condition of taking a large

part of Australia's wool clip."

Mr. WILSON: Your lordship might like to see the

document.

Mr. WILSON: I am showing you, as the

next exhibit, No. 503, the Minister's statement of April

14, 1935, what is that, please? A. This article

contains a forecast of increased Australian duties

on Japanese textiles.

BY THE COURT: A. A forecast? A. Yes.

my lord.

BY THE COURT: A. A forecast? A. Yes.

A. Who is the prophet?

THE WITNESS: It is a forecast of Australian

duties in Japanese textiles, this was in April 1935.

1935.

BY THE COURT: Now, has the forecast been

verified since? A. Yes, my lord.

BY THE COURT: A. This comes from Great Britain?

A. Yes, my lord.

A. No, Mr. WILSON, it comes from Japanese newspapers.

A. I would have thought it would have been

an Australian Governmental source.

of something that did happen? A. Yes, my lord,
as outlined in the following. This is a Japanese
comment on what was expected in Japan to happen with
regard to Australian duties.

"Australia to raise tariffs against Japan,
Tokio Prepares to Protest,

FEARS OF HEAVY DUTIES ON IMPORTS OF RAYON GOODS,

The result of the trade negotiations between
Australia and Japan, which have been proceeding
for many months, is not yet known. But it is
significant that the Japanese papers should be
publishing reports that Australia is contemplating
the imposition of stiff duties on Japanese rayons.

According to the "Osaka Mainichi," the

Foreign Office at Tokio received a dispatch on
March 20 stating that the Australian Government
was contemplating an increase in the import
duty, and it was decided to lodge a protest
through Mr. Kuramatsu Murai, the Japanese Consul
General at Sydney. At the same time Japanese
exporters met to consider the reported decision.

No confirmation has been received in
this country of the Australian Government's
reported decision, and all that is known is
that the trade negotiations between Japan and
Australia are still going on. The Japanese
reports, however, go the length of mentioning
the amount of the proposed increase in the duty.

SECRET

of continuing the old policy of...
 is...
 comment on what has happened in Japan to happen with
 Japan to raise tariffs against Japan,
 Japan to protest,
 Japan to protest on the basis of...
 the result of the trade negotiations between
 Australia and Japan, which has been proceeding
 for many months, is not yet known, but it is
 significant that the Japanese have been
 making it clear that Australia is contemplating
 the imposition of stiff duties on Japanese goods
 according to the "tariff schedule," the
 tariff schedule of Japan received a dispatch on
 from the fact that the tariff schedule
 was contained in the report
 duty, and it was decided to lodge a protest
 against it. The tariff schedule, the Japanese
 General at Sydney, at the same time Japanese
 exporters had to consider the reported decision.
 No confirmation has been received in
 this country of the Australian Government's
 reported decision, and all that is known is
 that the trade negotiations between Japan and
 Australia are still going on. The Japanese
 government, however, has been...
 the result of the proposed... in the...
 the result of the proposed... in the...

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Berry

The following, which appeared in the "Osaka Mainichi" of March 22, summarises the position from the Japanese angle:

5 The Japanese Government finds the new move on the part of the Australian Government most regrettable. The negotiations for the conclusion of a new treaty of commerce have made good progress and an agreement has been reached on the major principles. Further, apart from the treaty of commerce, the principle has been established of the freedom of the Japanese in Australia as regards their travelling, and residence and also of freedom of navigation.

CONTROL OF EXPORTS

15 Meanwhile the Foreign Office has notified the Commerce Office of the new development in Australia with a view to exercising an all-round control over the export of rayon yarn and textiles, in consideration of the fact that similar and other troubles are developing subsequent to the advent of Japanese rayon manufactures in the Philippines and Canada. Standardisation of the export price is regarded as necessary among the exporters themselves.

25 As regards the Australia-Japan trade negotiations, the prospects are now clouded. Australia's attitude toward Germany, Belgium, and France, with whom trade negotiations are pending

BURY

BURY

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The following, which appeared in the "Globe"
 Montreal of March 28, summarizes the position
 from the Japanese angle:

The Japanese Government finds the new
 move on the part of the Australian Government
 most regrettable. The negotiations for the
 conclusion of a new treaty of commerce have made
 good progress and an agreement has been reached
 on the major principles. Further, apart from the
 treaty of commerce, the principle has been
 established of the freedom of the Japanese in
 Australia as regards their travelling, and
 residence and also of freedom of navigation.

THE FOREIGN OFFICE

Meanwhile the Foreign Office has notified
 the Commerce Office of the new development
 in Australia with a view to exercising an all-
 round control over the export of rayon yarn
 and textiles, in consideration of the fact that
 similar and other troubles are developing elsewhere
 to the advent of Japanese rayon manufacturers
 in the Philippines and Canada. The
 of the export price is regarded as necessary
 among the exporters themselves.

It is pointed out that the trade

negotiations, the prospects are now clouded.

negotiations with Japan, Belgium,

and France, with whom trade negotiations are pending.

is gradually hardening, and this change as well as the present negotiations between Canberra and London inevitably have a significant bearing upon the present Australia-Japan trade talks. It is evident that the delicate relations, between Australia and the United Kingdom are having unfavourable effects upon the Japanese exports to Australia.

The situation is turning unfavourably for Germany, France, and Belgium in their negotiations with Australia, as a result of the United Kingdom's firm attitude toward Australia.

EXPORTERS' PROTEST

The paper says that the rayon textile exporters' associations in Tokio, Osaka, Nagoya, and Kobe are considering the suspension of trade with Australia in protest against the raising of the rayon duty. It adds:

The suspension of the rayon textile export to Australia has been decided by the federation of the associations, which was considerably irritated upon being informed of the intention of the Australian Government, particularly because a movement has been going on in Japan for some time past to readjust the lopsided balance of trade between Australia and Japan, the proposed levying of high tariff being in direct conflict with such a movement.

It is alleged that the Australian Government

BETTY

5170-7

is gradually hardening, and this change as well as the present negotiations between Canberra and London inevitably have a significant bearing upon the present Australia-Japan trade talks. It is evident that the delicate relations, between the United Kingdom and the United Kingdom are having unfavourable effects upon the Japanese efforts to Australia. The situation is turning unfavourably for Germany, France, and Belgium in their negotiations with Australia, as a result of the United Kingdom's firm attitude toward Australia.

REPORTS: PROTEST

The paper says that the rayon textile

industry, which is in a state of depression, and Kobe are considering the suspension of trade

of the rayon duty. It adds:

The suspension of the rayon textile export

to Australia has been decided by the Federation

of the associations, which was considerably

irritated upon being informed of the intention

of the Australian Government, particularly because

a movement has been going on in Japan for some time

past to restrict the imported balance of trade

between Australia and Japan, the proposed levying

of high tariff being in direct conflict with such

a movement.

It is believed that the Australian Government

decided on the present tariff manipulation
in accordance with Britain's suggestion.

It is learned, moreover, that the Australian
Government is secretly proceeding with the
programme of levying an additional duty on the
Japanese rayon textiles, stopping the press
reports on the subject within the country, presumably
in consideration of the far-reaching effect on
consumers' circles.

According to a report received by a certain
Japanese firm the present ad valorem duty is to be
changed into a specific tax of one shilling per pound.

If this is correct the new specific duty
will prove exceedingly high in ad valorem terms.
For instance one 'hiki' of Shioze, or about
50 yards, eighing 7.7 pounds, which is worth about
9 yen, will become subject to a duty of 7 yen.

CHEAP GOODS

Japanese rayon piece goods exports to
Australia have been increasing steadily. The totals
in the last five years have been:

| | | Million square yards |
|------|-------|-------------------------|
| 1931 | | 1,300,000 |
| 1932 | | 8,300,000 |
| 1933 | | 21,200,000 |
| 1934 | | 43,000,000 |
| 1935 | | 65,800,000 |

The cheapness of Japanese rayon goods is
shown by the illustration given by the 'Osaka
Mainichi.' This brand would work out at 2½d. a
yard; the suggested duty would be equivalent

decided on the present tariff manipulation

It is further, moreover, that the Australian

Government is actually proceeding with the

program of levying an additional duty on the

Japanese rayon textiles, stopping the press

reports on the subject within the country, pressure

in consideration of the far-reaching effect on

consumers' clothes.

According to a report received by a certain

Japanese firm the present ad valorem duty is to be

changed into a specific tax of one shilling per

It is to correct the new specific duty

will prove exceedingly high in ad valorem terms.

For instance one 'Niki' of white, or about

30 yards, giving 7.5 yards, which is worth about

9 yen, will become subject to a duty of 7 yen.

CHARTERED

Japanese rayon piece goods exports to

Australia have been increasing steadily. The total

in the last five years have been:

million
square yards

| | | |
|------|-------|-----------|
| 1933 | | 1,000,000 |
| 1934 | | 1,500,000 |
| 1935 | | 2,000,000 |
| 1936 | | 2,500,000 |
| 1937 | | 3,000,000 |
| 1938 | | 3,500,000 |

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yard; the suggested duty would be equivalent to an addition of 2d. a yard.

The present duty on rayons is 45 per cent ad valorem on Japanese and other foreign goods and 25 per cent. on British goods. A specific duty would fall more heavily on the cheaper kind of goods such as are supplied by Japan. The cheap rayons, as Sir Ernest Thompson pointed out in his speech at Canberra (reported in the 'Manchester Guardian' of April 3,) have already lessened the market for British and Australian cotton piece goods."

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and; the suggested duty would be equivalent

to an addition of 2d. a yard.

The present duty on revenue is 4s per

cent ad valorem on Japanese and other foreign

goods and 10 per cent. on British goods. A special

duty would fall more heavily on the cheaper class

of goods such as are supplied by Japan. The

cheap trunks, as Mr. Ernest Thompson pointed out

in speech at Genoa (reported in the "Manchester

Guardian" of April 3.) have already lowered

the market for British and Australian goods

"cheap goods."

Bery

MR. McRUER: That figure is not the same as
in 1936? A. No; there is a change in the rate,
I presume.

Q. Is 1936 not right?

BY MR. KELLOCK: Q. When did the change take place?

A. I will look up the Australian duty for you, Mr.
McRuer.

BY MR. McRUER: Q. It might be that either one
of them is wrong? A. It might be a slightly
different period of time.

BY MR. KELLOCK: Q. Then as to what was done
in Australia, Mr. Berry, I am showing you the Montreal
Gazette of May 23rd, 1936, which apparently shows
information from Canderarra. That will be Exhibit 364.

THE COMMISSIONER: Yes. What is the date of it?

THE WITNESS: May 23rd, 1936.

EXHIBIT: 364: Extract from Montreal Gazette
dated May 23rd, 1936, re
Australian tariffs against U.S.
and Japan.

THE WITNESS: The heading is "Australia widens
wart to Britain; raises tariffs on U.S. and Japan"

BY MR. KELLOCK: Q. Will you just indicate to
his Lordship the relevant parts? A. The first
paragraph states:

"Drastic tariff increases and a licensing
system on a wide range of foreign goods are
important features of a new trade policy announced
today in the House of Representatives by Sir
Henry Gullett, Assistant Minister for Trade.
Under this system, \$2,290,000 worth of imports

July

Mr. Speaker: That figure is not the same as

in 1962? . . . no; there is a change in the rate,

I presume.

. . . Is 1966 not right?

Mr. Speaker: . . . When did the change take place?

. . . I will look up the Australian duty for you, Mr.

Speaker.

Mr. Speaker: . . . It might be that since as

of them is wrong? . . . It might be a slightly

different period of time.

Mr. Speaker: . . . Then as to what was done

in Australia, Mr. Speaker, I am assuming you the Minister

Geneste of May 1966, 1966, which is extremely small

information from Geneste. That will be Exhibit 304.

Mr. Speaker: Yes. That is the date of the

Exhibit 304: Extract from Ministerial Geneste

dated May 1966, 1966, re

tariffs on wheat and

and Japan.

Mr. Speaker: The heading is "Australia wheat

sent to Britain; wheat tariffs on U.S. and Japan"

Mr. Speaker: . . . Will you just indicate to

his Lordship the relevant parties? . . . Is that

Paragraph states:

"Dramatic tariff increases and a licensing

system on a wide range of foreign goods are

important features of a new trade policy announced

today in the House of Representatives by the

Henry Ulster, Assistant Minister for Trade.

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Berry

will be diverted to 'favourdd' nations; to the United Kingdom, £1,310,000; to Australian manufacturers, £845,000; and £135,000 to good customer nations."

"No mention was made of the countries against which this tariff action was taken, but to the United States and Japan will be unmistakeably affected.

(Page 6180 follows)

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Berry

MR. McRUER: This is the comment of the paper, is it, or the actual despatch?

MR. KELLOCK: It is all the despatch.

MR. McRUER: In a lot of these newspaper despatches the place of origin is written in in the newspaper office as we rather know.

MR. KELLOCK: So far as the article shows it is all from the one source.

MR. McRUER: We don't know that.

THE WITNESS: This is a very recent happening, Mr. McRuér. This is the only information which we have on it. I might point out in the sixth paragraph it states as follows:

"Similarly, in the case of artificial silk, which can be purchased in Australia cheaper than cotton, the Government has exhaustively attempted to reach a friendly arrangement with Japan under which cotton and artificial silk exports to Australia will be curtailed to an agreed basis, but after weeks of effort, negotiations were unsuccessful. Practically all other important countries have controlled these imports. Japan herself imposes a duty of 100 per cent on artificial silk. Japan will continue to be the principal supplier of rayon to Australia, as well as sending a substantial proportion of the cottons. The duties are to be in no way discriminatory, but will be applied on the principle of 'the most-favoured nations'."

BY MR. KELDOCK: I understand, Mr. Berry, that is

MR. BRYDIE: This is the content of the paper, is it, or the actual description?
MR. BRYDIE: It is all the description.
MR. BRYDIE: Is a lot of these newspapers described the place of origin is written in in the newspaper office as we rather know.
MR. BRYDIE: So far as the article shows it is all from the one source.
MR. BRYDIE: We don't know that.
MR. BRYDIE: This is a very recent happening.
MR. BRYDIE: This is the only information which we have on it. I might point out in the sixth paragraph it states as follows:

"Similarly, in the case of artificial silk, which can be purchased in Australia cheaper than cotton the Government has exhaustively attempted to secure a treaty with Japan which would restrict which cotton and artificial silk exports to Australia will be controlled to an agreed basis, but after weeks of effort, negotiations were unsuccessful. Practically all other important countries have controlled these imports. Japan herself imposes a duty of 100 per cent on artificial silk. Japan will continue to be the principal supplier of rayon to Australia, as well as some a substantial proportion of the cotton. The duties are to be in no way discriminatory, but be applied on the principle of 'the most-favoured-nation'."

MR. BRYDIE: I understand, Mr. Brydie, that is

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Berry

the most definite information you have as to the action taken by Australia? A. That is the most definite available.

5 MR. KELLOCK: My lord, I understand it is your custom --

THE COMMISSIONER: Yes, we will take a few minutes now.
-- The Commission adjourned for a short recess.
-- On resuming.

10 BY MR. KELLOCK: Q. Mr. Berry, have you some information on Egypt; I am showing you this table which will be exhibit 365, my lord.

THE COMMISSIONER: What is it?

BY MR. KELLOCK: Q. What is that, Mr. Berry?

15 A. It is a table showing the imports of cotton piece goods into Egypt in total from the United Kingdom and from Japan for the years 1925 to 1934. It is from the Economic and Statistical Department of the Joint Committee of Cotton Trade Organizations in Manchester.
20 I might explain, my lord, with regard to the Joint Committee of Cotton Trade Organizations, the Economic and Statistical Department, it is a department run independent of the Joint Committee as such, a continuation of a previous cotton trade statistics bureau in Manchester and they issue weekly up to date
25 statistics on cotton and rayon trade in all parts of the world as taken by them from official sources. They are a bureau which collects and compiles that information and distributes it to different subscribers. The United Kingdom exports of cotton

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Berry

1851

The next definite information you have as to the

action taken by Australia?

A. That is the

action taken by Australia.

The action taken by Australia.

THE COMMISSIONER: Yes, we will take a few minutes

--- the Commission will take a short recess.

BY MR. KILBOCK: Mr. Berry, have you some information

action on Egypt; I am asking you this table which

will be exhibit 865, my lord.

THE COMMISSIONER: What is it?

BY MR. KILBOCK: What is that, Mr. Berry?

A. It is a table showing the imports of cotton from

goods into Egypt in total from the United Kingdom and

from Japan for the years 1915 to 1924. It is from

the Economic and Statistical Department of the Joint

Committee of Cotton Trade Organizations in Manchester

I might explain, my lord, with regard to the Joint

Committee of Cotton Trade Organizations, the Economic

and Statistical Department, it is a department run

independent of the Joint Committee as such, a com-

missioner of a committee which has been established

in Manchester and they issue yearly up to date

statistics on cotton and rayon trade in all parts

of the world as taken by them from official sources.

They are a bureau which collects and compile the

information and distribution it to different

countries. The United Kingdom exports of cotton

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piece goods to Egypt in 1925 were two hundred million square yards and in 1934 they were 43 million square yards. The Japanese exports of cotton piece goods to Egypt in 1925 were 16 million square yards and in 1934 were 148 million square yards.

Q. The intermediate figures are also shown?

A. That is right.

Q. That is exhibit 365 -- that is the same exhibit, my lord.

THE COMMISSIONER: Oh, 365, yes.

BY MR. KELLOCK: Q. Then, I am showing you the Monthly Record of October 31, 1935 and there is just a short paragraph there which perhaps might be read rather than made an exhibit. What does that show, Mr. Berry? A. This is a record of customs and tariff changes made and pending during October, 1935 as published in the Manchester Chamber of Commerce record. With reference to Egypt it says:

"Depreciated Currency Surtax. A depreciated currency surtax of 40 per cent has been imposed on the following Japanese goods:- fabrics and hosiery wholly or largely of cotton; cotton thread; fabrics and hosiery wholly or largely of artificial silk; certain velvets; and garments of cotton and artificial silk."

The date on which this order went into effect was the 3rd of October, 1935.

Q. Now, I am showing you what will be exhibit 366

place goods to Egypt in 1935 were two hundred million
square yards and in 1934 they were 45 million square
yards. The Japanese exports of cotton piece goods
to Egypt in 1935 were 10 million square yards and in
1934 were 140 million square yards.

Q. The immediate figures are also all right?

A. That is right.

Q. That is exhibit 300 -- that is the name

exhibit, my friend.

THE COURT: Yes, yes.

BY MR. BRYDIE: Now, I am showing you the

monthly record of October 31, 1935 and there is just

a short paragraph there which perhaps might be

read rather than made an exhibit. It does that

show, Mr. Barry?

Q. This is a record

of customs and tariff charges made and pending

during October, 1935 as published in the Manchester

Chamber of Commerce Record. With reference to that

"Repealed Currency Duties. A table showing

currency duties of 40 per cent has been imposed

on the following Japanese goods: - textiles and

hosiery wholly or largely of cotton; cotton thread

textiles and hosiery wholly or largely of arti-

ficial silk; certain varieties; and garments of

cotton and artificial silk."

THE COURT: Now, I am showing you that will be exhibit 300

and exhibit 300.

THE COURT: Now, I am showing you that will be exhibit 300

and that is the Manchester Guardian of April 22, 1936?

A. A review of Japan's trade with Egypt under the sub-headings quantities and prices, and it refers to some negotiations which the Egyptian Government have been conducting with the Japanese Government regarding the outstanding differences in trade relations between these two countries.

"The long drawn-out negotiations for a new trade agreement between Egypt and Japan, it appears, have reached a critical stage, and Lancashire manufacturers and merchants who are interested in the Egyptian market are anxiously awaiting developments. The final Japanese offer, that Japan

should export to Egypt cotton goods to the value of the Egyptian cotton purchased by Japan is one which, it is felt here, should be regarded with suspicion, because such terms would be especially advantageous to Japan, whose low prices have been the principal reason for all the barriers that have been erected against its trade. Those terms, moreover, would give a strong incentive to Japan to maintain low prices in order to retain a large yardage for its trade, and they seem to be at variance with the suggestion made by Dr. Kasama, the leader of the Japanese delegation in Egypt, that Japan is likely to abandon 'dumping' and to adopt a new trade policy." Shall I continue, my lord?

Q. If there is anything more that is relevant?

A. It is unimportant.

and that is the Manchester Guardian of April 22, 1934.
4. A review of Japan's trade with Egypt under the
subsidies granted and prices, and it refers to
some negotiations which the Egyptian Government have
been conducting with the Japanese Government regarding
the outstanding differences in trade relations between
these two countries.

"The long drawn-out negotiations for a new trade
agreement between Egypt and Japan, it appears,
have reached a critical stage, and immediate
the Egyptian market are anxiously awaiting
developments. The final Japanese offer, that
should export to Egypt cotton goods to the
value of the Egyptian cotton purchased by Japan
in return, is in fact a very small amount
with suspicion, because such terms would be es-
pecially advantageous to Japan, whose low prices
have been the principal reason for all the parties
that have been erected against the trade. Those
terms, moreover, would give a strong incentive
to Japan to maintain low prices in order to retain
a large volume for the trade, and they seem to
be at variance with the suggestion made by Mr.
Kasama, the leader of the Japanese delegation in
Egypt, that Japan is likely to abandon 'dumping'
and to adopt a new trade policy." Shall I con-
clude, my friend?
4. If there is anything more that is relevant?

EXHIBIT NO. 366: Extract from Manchester
Guardian, April 22, 1936.

Q. Very well; then, on the same subject I am
showing you the Daily News Record of May 26th, 1936
which will be exhibit 367.

MR. HERJER: What is the Daily News Record, Fitchener?

BY MR. KILLOCK: Q. What is that Daily News Record?

A. It is a daily newspaper devoted principally to items
of interest to the textile trade published daily in
New York City. The heading of this article is
"Egypt Increases Duty On Rayons".

"Duties on rayon products have been materially advanced in Egypt, according to a decree signed in Cairo. Customs duties on rayon yarns and fabrics entering Egypt now are:- Rayon yarn, undyed, new duty, 120 milliemes per kilogramme, former duty 22 milliemes per kilog.; dyed rayon yarn, new duty, 180 milliemes per kilog., former duty 25 milliemes per kilog; Staple fiber yarn and headed or looped yarn (dyed or not), new duty 180 milliemes per kilog., former duty 32 milliemes per kilog.; waste yarn, new duty 100 milliemes per kilog., former duty 15 milliemes per kilog.; staple fiber, unspun, new duty 50 milliemes per kilog., former duty 6 milliemes per kilog.; rayon fabrics, including those containing over 10% of rayon, new duty 500 milliemes per kilog., former duty 200 to 250 milliemes per kilog. Japanese piece goods pay 40 per cent ad valorem currency surtax."

EXHIBIT NO. 367: Extract from Daily News
Record, May 26, 1936.

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Q. Now, I want you to deal with India next, Mr. Berry. I am showing you this table; what does it show? That will be exhibit 368. A. It is a table of imports of cotton and rayon piece goods into India.

EXHIBIT NO. 368: Table of imports of cotton and rayon piece goods into India.

Q. Your information is taken from where?

A. Two sources; the Economic and Statistical Department of the Joint Committee of Cotton Trade Organizations, Manchester, and for the year 1935 from the Textile Mercury & Argus, Manchester, March 27th, 1936.

Q. Tell his lordship concisely what that shows?

A. The history of the trade in cotton piece goods. In 1925 India imported from Great Britain one billion, three hundred and seventy-eight million yards of cotton piece goods and in 1935 four hundred and eighty-five million. On the other hand India imported from Japan in 1925 two hundred million yards of cotton piece goods and in 1935 five hundred and fourteen million yards of cotton piece goods. In rayon piece goods India imported from the United Kingdom six million yards in 1925 and half a million yards in 1935. From Japan they imported none or a quantity too small to be recorded in 1925. The first record is six hundred thousand yards in 1925 and increased to fifty-seven million yards in 1934.

Q. Then, in regard to what was done in India, I am showing you the Monthly Record of April 30th, 1933. There is apparently just a short paragraph there

BETTY

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Q. Now, I want you to deal with India next, Mr.

BRYON. I am showing you this table; what does it

show? That will be Exhibit 308. A. It is a

table of imports of cotton and rayon piece goods into

India.

Q. Now, I want you to deal with India next, Mr.

BRYON. I am showing you this table; what does it

show? That will be Exhibit 308. A. It is a

table of imports of cotton and rayon piece goods into

India. Q. Now, I want you to deal with India next, Mr.

BRYON. I am showing you this table; what does it

show? That will be Exhibit 308. A. It is a

table of imports of cotton and rayon piece goods into

India. Q. Now, I want you to deal with India next, Mr.

BRYON. I am showing you this table; what does it

show? That will be Exhibit 308. A. It is a

table of imports of cotton and rayon piece goods into

India. Q. Now, I want you to deal with India next, Mr.

BRYON. I am showing you this table; what does it

show? That will be Exhibit 308. A. It is a

table of imports of cotton and rayon piece goods into

India. Q. Now, I want you to deal with India next, Mr.

BRYON. I am showing you this table; what does it

show? That will be Exhibit 308. A. It is a

table of imports of cotton and rayon piece goods into

India. Q. Now, I want you to deal with India next, Mr.

BRYON. I am showing you this table; what does it

show? That will be Exhibit 308. A. It is a

table of imports of cotton and rayon piece goods into

India. Q. Now, I want you to deal with India next, Mr.

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which you might read rather than put in the exhibit unless it is desired. A. From page 97 --

5 "The Indian Legislative Assembly has passed, without a division, a Safeguarding of Industries Bill, which gave the Governor-General in Council authority to impose duties on imported goods which endanger the existence of Indian industries. It was aimed chiefly at Japanese dumping, at very low prices. It cannot take effect, however, until 10 October 11th, and in the meantime, the Indo-Japanese Trade Convention of 1905 has to be terminated by notice."

Q. Then, I am showing you --

15 THE COMMISSIONER: Just a minute; alright.

BY MR. KELLOCK: Q. Then, I am showing you the Monthly Record of May 31, 1933 and perhaps you might deal with that similarly? A. This is a short announcement to the effect that the Indo-Japanese Treaty referred to in the previous extract had been 20 abrogated. It states--

"The Chamber has received a copy of a special number of the Japanese 'Times and Mail' which was published in Tokio on April 25th within a very short time after it became publicly known that India had 25 given notice to terminate the Indo-Japanese commercial convention of 1904.

The paper includes a special supplement dealing with Indo-Japanese trade in which many leading 30 Japanese spokesmen are reported as expressing fervent hopes for some accommodation. In an introductory

which you might read rather than put in the exhibit

unless it is desired. A. From page 97 --

"The Indian Legislative Assembly has passed, with
out a division, a Bill for the regulation of Industries
which gave the Governor-General in Council authority
to impose duties on imported goods which may
hinder the existence of Indian industries. It is
aimed chiefly at Japanese goods, and very low
duties. It cannot take effect, however, until

C. Then, I am showing you --

THE COMMISSIONER: Just a minute; alright.

BY MR. BRIDLE: C. Then, I am showing you the

deal with that similarity? A. This is a short

announcement to the effect that the Indo-Japanese

Treaty referred to in the previous extract had been

promulgated. It states --

"The Governor has received a copy of a special

number of the Japanese 'Times and Mail' which

contains in its 10,000th issue a copy of

'The Times and Mail' from that issue

given notice to terminate the Indo-Japanese

Treaty of Commerce and Consular Rights.

The Government has decided to accept the

offer of the Japanese Government to

terminate the Indo-Japanese

Treaty of Commerce and Consular Rights.

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"note the Japanese Times says that the momentous decisions (of the Indian Government) have already had a far-reaching repercussion on Japanese thought and their effect in time on the economic well-being of Japan can only be surmised."

Q. What is that, Mr. Berry, that I am showing you?

A. This is a clipping taken from the Textile Weekly December 1st, 1933.

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BY THE COMMISSIONER: Q. This is an exhibit, is it?

A. Yes, my lord.

Q. Exhibit 369; it is an article from what?

A. The Textile Weekly, Manchester, December 1st, 1933.

Q. December 1st? A. December 1st, 1933,

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my lord; I have no copies.

EXHIBIT NO. 369: Clipping from Textile Weekly, December 1, 1933.

BY MR. KELLOCK: Q. Read that. A. It is a

short review of the history of Japan's trade with India up to that time.

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"Japan's trade with British India now comprises a very important total. On the imports side, raw cotton is by far the most important Japanese item, amounting to 91,747,000 yen or 78.5 per cent of the total raw cotton exports from British India in 1932. Since the boycott"--

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I might explain, my lord, that there was a boycott in Japan on the use of Indian cotton following the can-

cellation of the Indo-Japanese commercial convention of 1904.

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"Since the boycott, the figures have shown a

Berry

1917

"note the Japanese times says that the movements
destations (of the Indian Government) have already
had a far-reaching repercussion on Japanese thought
and their effect in time on the economic well-being
of Japan can only be surmised."

Q. What is that, Mr. Berry, that I am showing you
A. This is a clipping taken from the Textile Weekly
December 1st, 1935.

BY THE COMMISSIONER: Q. This is an exhibit, is it
A. Yes, my lord.

Q. Exhibit 889; it is an article from what
A. The Textile Weekly, December 1st, 1935.
Q. December 1st, 1935.

my lord; I have no copies.
Q. Exhibit 889; it is an article from what
Textile Weekly, December 1st, 1935.

BY MR. KILBURN: Q. Read that.
A. It is a
short review of the history of Japan's trade with India
up to that time.

"Japan's trade with British India now comprises
a very important total. On the imports side, raw
cotton is by far the most important Japanese item
amounting to \$1,747,000 yen or 78.5 per cent of
the total raw cotton exports from British India
in 1932. Since the boycott--

I might explain, my lord, that there was a boycott in
Japan on the use of Indian cotton following the can-
cellation of the Indo-Japanese commercial convention

of 1911.
Since the boycott, the Japanese have been a

"conspicuous decline, and Japan has bought more cotton from America in order to produce finer and higher grade yarn.

5 The most important items of Japanese goods exported to British India are cotton tissues, cotton yarn, silk and rayon tissues. Despite the high tariff which was raised successively, after 1930, Japanese exports of cotton tissues in 1932 reached 80,654,000 yen. The export of cotton yarn, which 10 previously had shown a tendency to decline, reached 14,343,000 yen, an extraordinary increase of 156 per cent compared with 1931. Rayon tissues were shipped in increasing volume after 1929, and in 15 1932 reached a total of 22,554,000 yen or 11.7 per cent of the aggregate exports to India. The export of silk tissues, which had shown a declining tendency, increased again in 1932, the total being 108.3 per cent higher than in 1931. Among the 20 other items, knitted goods shows a striking improvement in 1932. 'These epoch-making increases cannot only be explained by the lower level of yen exchange rates' states the Monthly Circular, 'but are to a great extent the effects of the progress of rationalization in Japanese industries!'

25 Then follows a table of Japanese trade with British India in thousands of yen, which I won't read. It goes on to state --

30 " During the first eight months of this year, all chief items, except cotton yarn, still showed an increase over the corresponding period last year.

1931

1931

"conspicuous decline, and Japan has bought more

cotton than America in order to produce finer and

lighter yarns.

The most important items of Japanese goods

exported to British India are cotton textiles, and

yarn, silk and rayon fibres. Despite the high

tariff which was raised successively after 1930,

Japanese exports of cotton textiles in 1931 reached

£6,634,000. The export of cotton yarn, which

previously had shown a tendency to decline, reached

£1,142,000 in 1931.

Rayon fibres were

shipped in increasing volume after 1929, and in

1931 reached a total of £2,504,000 or 11.7

per cent of the aggregate exports to India. The

export of silk fibres, which had shown a declining

tendency, increased again in 1931, the total value

100.3 per cent higher than in 1931. Among the

other items, knitted goods show a striking in-

crease in 1931. These epoch-making increases

cannot only be explained by the lower level of

prices, but also by the general decline in the

use to a great extent the effects of the progress

of textile-making in Japan.

It follows a table of Japanese trade with British

India in thousands of Yen, which I won't read.

Does it state --

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"It is surprising that the exports of cotton and rayon tissues, which were subjected to literally prohibitive tariffs in British India after June and March of this year respectively, still continued to increase, but such was the case. The main items of Japanese import and export trade to and from British India (in thousand yen) were as shown in Table III."

THE COMMISSIONER: Just show me that.

BY MR. KELLOCK: Q. I am showing you the Textile Weekly of January 12th, 1934, which will be exhibit --

THE COMMISSIONER: 370. What is it called?

MR. KELLOCK: The Textile Weekly, my lord, of January 12th, 1934.

EXHIBIT NO. 370: Article from Textile Weekly,
January 12th, 1934.

THE WITNESS: This is an announcement of a new Indo-Japanese trade agreement to replace the one which had previously been cancelled by India.

"On January 5th, 1934, agreement was reached at New Delhi between India and Japan after months of negotiation. On January 6, following an announcement that they would be postponed, the details of the new pact were unexpectedly released."

Then it goes on to state --

"The basis of the agreement is primarily one of barter between exports of Indian raw cotton to Japan and imports of Japanese cotton piece-goods into India. For three years commencing March 31, 1934, the customs duty on Japanese cotton piece-goods imported into India (at present 75 per cent)

It is surprising that the exports of cotton and rayon fabrics, which were subjected to literally prohibitive tariffs in British India after June and March of this year respectively, still continued to increase, not much less the case. The items of Japanese imports and exports trade to and from British India (in thousands yen) were as shown in Table III."

THE COMMISSIONER: Just show me that.

BY MR. T. BRYNIE: I am showing you the Textile Weekly of January 1934, 1934, which will be exhibit --

THE COMMISSIONER: 370. What is it called?

MR. BRYNIE: The Textile Weekly, my lord, of January 1934.

THE COMMISSIONER: 371. What is it called?

MR. BRYNIE: The Textile Weekly, my lord, of January 1934.

THE COMMISSIONER: This is an arrangement of a new Indo-Japanese trade agreement to replace the one which had previously been cancelled by India.

"On January 27, 1934, agreement was reached at New Delhi between India and Japan after months of negotiation. On January 2, following an announcement that the new pact was unexpectedly released."

Then it goes on to state --

"The basis of the agreement is primarily one of better between exports of Indian raw cotton to Japan and imports of Japanese cotton yarn to India. The agreement also provides for the exchange of Japanese raw cotton for Indian raw cotton."

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"will be at the following rates: Plain greys, 50 per cent, or 5½ annas per pound, whichever is the higher. Coloured, bordered grey, or bleached, 50 per cent.

For three years from April 1, 1934, for each fiscal year ending March 31, the agreement allows Japan to import into India: (1) 125,000,000 yards of piece-goods (based on linear yards) without any obligation to buy Indian raw cotton.

(2) 325,000,000 yards on the purchase of 1,000,000 bales of Indian cotton, and an extra 2,000,000 yards up or down for each 10,000 bales of Indian cotton.

(3) Japan's maximum import limited to 400,000,000 yards when her cotton purchases from India totalled 1,500,000 bales.

According to reports in the Manchester Press, the Japanese Government only prevailed on the Japanese cotton industrialists to sign the final agreement amicably, after exposing the hostile economic measures to which Japanese goods were to be subjected by upwards of 30 countries."

BY MR. McRUER: Q. Does it name the 30 countries?

A. I will get you the names of those, Mr. McRuer.

MR. KELLOCK: Will you make a note to get that for my friend?

THE COMMISSIONER: What is it?

THE WITNESS: Mr. McRuer has inquired about the names of the thirty countries mentioned in the last paragraph read.

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Berry

MR. McRUER: I just want to know if Canada was one of the countries that was going to wield the club against Japan.

THE COMMISSIONER: In this article --

THE WITNESS: The last sentence I read referred to 30 countries. It doesn't give the names in the article.

MR. KILLOCK: The witness will get that.

BY THE COMMISSIONER: Q. How are you going to find out? A. I have the list here, my lord.

Q. You have it here? A. Yes.

Q. In the first place, where is the reference -- oh yes, I see it now. It says "after exposing the hostile economic measures to which Japanese goods were to be subjected by upwards of 30 countries". A. Yes.

Q. Where is your reference? A. I will just have to find it, my lord.

Q. A reference to where? A. From page 71.

Q. What is it? A. It is the Textile Organon, March, 1935, page 71. This is part of an article on the Japanese rayon industry, my lord.

"Tariff Barriers and Ways of Meeting Them.

The phenomenally low prices of Japanese rayon goods have caused a wide swing to tariff protection in different parts of the world. The following countries restricted imports of Japanese rayon textiles during 1934, presumably by quotas: Belgium, Holland, Germany, Switzerland, Ecuador, and Cypress."

Betty

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the matter: I just want to know if Canada was one of the countries that was going to yield the ship.

THE MINISTER: In this article --

the Minister: the last sentence I read referred

to 30 countries. It doesn't give the names in the

article.

4. MR. BRYCE: The witness will get that.

BY THE COMMISSIONER: 4. Now are you going to find

out? A. I have the list here, my lord.

Q. You have it here?

A. Yes.

Q. In this first place, where is the reference --

on page 1, I see it now. It says "after exposing the hos-

tile economic measures to which Japanese goods were so

be subjected by members of 30 countries."

A. Yes.

Q. Where is your reference?

A. I will just

have to find it, my lord.

Q. A reference to which?

A. Yes, my lord.

Q. What is it?

A. It is the textile

Ordinance, March, 1933, page 11. This is part of an

article on the Japanese export industry, my lord.

"Tariff barriers and laws of limiting them."

The phenomenon of low prices of Japanese rayon

goods have caused a wide swing to tariff pro-

tection in different parts of the world. The

following countries restricted imports of Japan-

ese rayon textiles during 1934, presumably by

tariff barriers and laws of limiting them.

Japan, the United States, Canada, Australia, New Zealand, South Africa, India, Ceylon, Hong Kong, the Philippines, the Netherlands, the United Kingdom, and the Dominion of Wales.

Source: The Economist, 1934, p. 10.

BY THE COMMISSIONER: Q. Did you say Cypress?

5 A. Cypress. "Tariff rates were raised against Japanese rayon textiles by the following countries in 1934: British India, Sudan, Australia, East Africa, and West Africa. The predominance of British colonies in the latter group shows a follow-through in 1934 of the earlier tariff restrictions erected earlier by Great Britain herself.

10 An official report from Japan in mid-April stated that eleven countries throughout the world currently were taking action to restrict imports of various Japanese goods as follows: Cuba, denounced trade treaty in January and raised tariff last September; El Salvador, raised tariffs to highest point
15 possible under law; Haiti, increased tariff; Costa Rica, planning tariff jumps on textiles; Guatemala, preparing restrictions after February rise in tariffs; Peru, terminated trade treaty in October and now arranging restrictions; Chile, imposed
20 various restrictions; Brazil, maintaining exchange control as means of holding down imports from Japan; Uruguay, maintains exchange control; Columbia, ended trade treaty in November; and
25 Ecuador, provisional restrictions. The prevalence of Central and South American countries in this list, and the absence of any reference to the United States, is significant.

30 To overcome these and other increased tariff walls placed in the way of Japanese rayon yarns and fabrics throughout the world, the Japanese

IT WAS COMBINED WITH THE 1934 AND 1935 REPORTS

A. Overseas. "Tariff rates were raised against Japanese

rayon textiles by the following countries in 1934:

British India, Ceylon, Australia, New Zealand, and

West Africa. The prevalence of British colonies

in the latter group shows a follow-through in 1934

of the earlier tariff restrictions erected earlier

by Great Britain herself.

An official report from Japan in mid-April stated

that eleven countries throughout the world currently

were taking action to restrict imports of various

textile goods as follows: India, Ceylon, and

Peru in January and raised tariff last September

at Salvador, raised tariffs to highest point

in the world; and in the latter part of 1934

rice, planned tariff jumps on textiles; Guatemala,

preparing restrictions after February rise in

tariffs; Peru, terminated trade treaty in October

and now arranging restrictions; Chile, imposed

various restrictions; Brazil, maintaining existing

control as means of holding down imports from

Japan; Mexico, maintaining existing control;

Colombia, ended trade treaty in November; and

Ecuador, provisional restrictions. The prevalence

of Central and South American countries in this

list, and the absence of any reference to the

United States, is significant.

To overcome these and other increased tariff

walls placed in the way of Japanese rayon yarns

and textile imports, the world, the Japanese

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Berry

"producers organized themselves to exploit the
South American and other countries particularly.
Realizing the need of maintaining and increasing
the importance of the rayon producing industry in
Japan, the Ministry of Commerce and Industry
with the Kobe, Yokohama, and Osaka Exporters
Associations to control export rayon yarn prices.
This result is accomplished by supervising the
program to be carried out by the Japanese Textile
Yarn Exporters Guild.

Also it is understood that the Japanese Govern-
ment has established a shipping subsidy which
allows the equalization of ocean freight costs for
Japanese textile products essentially throughout
the world. In this way, the difference in distance
as between South American countries and nearby
consuming countries, for example, has been overcome
by government intervention."

(page 6193 follows)

A-5413

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BY THE COMMISSIONER: Q. What about Canada; it is not mentioned so far? A. Not mentioned

in this reference I had in mind, my lord.

5 BY MR. KELLOCK: Q. Then, dealing with rayon imports, Mr. Berry, I am showing you this table which will be exhibit --

THE COMMISSIONER: 371.

10 EXHIBIT NO. 371: Statement of rayon tariffs in India in 1935 and ~~Rayon~~ imports.

BY MR. KELLOCK: Q. 371, what does that show?

A. It gives a statement of the rayon tariffs, the rayon tariff in India in 1935 and the imports into India during 1935 for April to December of that year.

15 The tariff rates for India are taken from the official customs tariff rates of India published by the League of Nations and the imports are taken from the Textile Weekly of Manchester, March 13, 1936. This shows that the tariff in India, the general tariff is 50% ad valorem or 4 annas per square yards whichever is greater but the preferential tariff is 30% ad valorem or 2½ annas per square yard, whichever is greater.

20 At the same time imports for the nine months from April to December, 1935, were total, 51,600,000 yards, from Japan 51,028,000 yards and from Great Britain 225,000 yards.

25 Q. Does the general or preferential tariff apply as against Japan? A. The general tariff applies to Japan, and the preferential tariff to Great Britain.

BARRY

Q. Now

BY THE COURT: Q. Now about Canada; it is

not mentioned as tariff

in this reference I had in mind, my lord.

BY MR. BRADY: I think, dealing with the

imports, Mr. Barry, I am showing you this table which

will be exhibit --

THE OCEANIC LINE: 241.

Statement of the
tariffs in India in
1935 and 1936
imports.

BY MR. BRADY: Q. 241, what does that show?

.. It gives a statement of the tariff rates, the tariff

tariff in India in 1935 and the imports into India

during 1935 for April to December of that year.

The tariff rates for India are taken from the official

customs tariff rates of India published by the League

of Nations and the imports are taken from the

textile weekly of Manchester, March 12, 1936. This

shows that the tariff in India, the tariff

is not as high as it was in 1935 and 1936

is greater but the preferential tariff is 30% as before

or 25 cents per square yard, whichever is greater.

At the same time imports for the nine months from April

to December, 1935, were 1,117,000 yards.

Japan 11,000,000 yards and from Great Britain 225,000

Q. Does the general or preferential tariff

apply to the same goods?

Yes, it applies to Japan, and the preferential tariff

is 25 cents.

Q. And you are attaching to that exhibit --

A. The authority for the statement of imports.

Q. Then I am showing you as exhibit 372 the
Journal Of Commerce And Commercial, New York, March 31,
1936.

A. That is correct.

Q. What is that publication?

THE COMMISSIONER: What do you call it?

MR. KELLOCK: The Journal of Commerce And Commercial,
my lord, of March 31, 1936.

THE COMMISSIONER: Of New York?

MR. KELLOCK: Yes, my lord.

EXHIBIT NO. 372: Clipping from Journal of
Commerce and Commercial,
New York, March 31, 1936.

THE WITNESS: It has some comments originating in
Bombay on the operation of the present Indo-Japanese
agreement.

Q. Yes, Mr. Berry? A. The article comments
on the operation of the present arrangement, commercial
arrangement between India and Japan and is as follows:

"Japan has recently started to employ varied tactics
in selling her cotton goods in the Indian market.
The Osaka Manufacturers' Association has offered a
Calcutta mill (Mohini Cotton Mills) sales of Japan-
ese cotton goods which could later on be labeled
and sold in India as the manufactured goods of the
Mohini Mills. Goods from Japan would bear the mark
'Made in Japan' in such a manner that the moment the
reach the local mill, the seal could be easily
erased, and in its place 'Made in India' seal could
be stamped.

" Japanese manufacturers have also offered to cut up perfect goods into lengths of 3 to 4 yards in order that they may be shipped to India as fents and thereby save a large amount of duty, and in some cases even over-step the quota, stipulated by the Indo-Japanese Trade Agreement. Some mills in Japan are even manufacturing fents, particularly in artificial silk goods, to be imported into India at a lower rate of duty. It would not be a difficult matter for the weaver to cause a defect every 3 or 4 yards so that pieces could be cut up and passed as fents because they contained certain defects. With a limit of four yards pieces of cloth can be used for many purposes. It only requires three yards for a shirt, three to four yards for a lady's dress and two pieces can be made into an Indian saree. In fact, pieces of four yards can be used for almost every form of wearing apparel. Since Japan came into this fent business, it has seriously interfered with the business in perfect goods from all countries other than Japan.

The reason why the Japanese have taken to this fent business, particularly in artificial silk piece goods, is to avoid the heavy duty that has to be paid on perfect goods or goods over four yards in length. All the Japanese artificial silk piece goods shipped as fents pay duty at the rate of 35 per cent ad valorem on the C.I.F. price. Therefore, if these artificial silk piece goods are shipped as fents at say, Rs. 4 per pound C.I.F. the

Japanese manufacturers have also started to set up perfect goods into lengths of 3 to 4 yards in order that they may be shipped to India as tents and thereby save a large amount of duty and in some cases even over-step the quota, stipulated by the Indo-Japanese trade agreement. Some mills in Japan are even manufacturing tents, particularly in artificial silk goods, to be imported into India at a lower rate of duty. It would not be a difficult matter for the weaver to make a tent every 3 or 4 yards so that pieces could be cut up and passed as tents because they contained certain dimensions. With a limit of four yards pieces of cloth can be used for many purposes. It only requires three yards for a shirt, three for four yards for a lady's dress and two of these can be made into an Indian sarree. In fact, pieces of four yards can be used for almost every form of wearing apparel. Since Japan came into this tent business, it has seriously interfered with the business in perfect goods from all countries other than Japan. The reason why the Japanese have taken to this tent business, particularly in artificial silk goods, is to avoid the heavy duty that has to be paid on perfect goods or goods over four yards in length. All the Japanese artificial silk goods are sent at valorem to the C.I.F. price. However, it is not unusual for them to be sent at a lower rate of duty, say, 10 per cent.

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"duty will be about 6½ annas per pound. If they are

shipped as piece goods over four yards in length
the duty is 50 per cent ad valorem or 4 annas per
square yard, whichever is higher. This would work
out at about Rs 1.8 per pound."

Q. Can you add anything as to what a fent is?

A. A fent is a short piece of cloth presumably ~~g~~ cut
into a short length because of the fact that it is taken
from an imperfect piece of goods and the perfect
portion is taken out. They are entered into India
at a lower rate of duty than piece goods in pieces.

Q. Then, coming to the United States, I am showing
you this table; what is that?

A. This is a
table of imports of cotton piece goods into the United
States.

THE COMMISSIONER: Just a minute, this will be
exhibit 373. It is 373, isn't it?

MR. KELLOCK: It is 373, my lord, I think.

THE COMMISSIONER: 372.

MR. KELLOCK: No, 373.

THE COMMISSIONER: Table of imports of cotton piece
goods into United States.

THE WITNESS: That is correct, my lord.

EXHIBIT NO. 373:

Table of imports of cotton
piece goods into United
States.

BY MR. KELLOCK: Q. And the source is what?

A. Two sources; from 1925 to 1933 from the Economic
and Statistical Department of the Joint Committee
of Cotton Trade Organizations of Manchester. 1934 and
1935 from a publication known as Textiles & Allied

"but will be about 65 cents per pound. If they are
shipped in piece goods over four yards in length
the duty is 50 per cent ad valorem or 4 cents per
square yard, whichever is higher. This would work
out at about 1.8 per pound."

Q. Can you add anything as to what a tent is?
A. A tent is a short piece of cloth presumably cut
into a short length because of the fact that it is taken
from an imperfect piece of goods and the perfect
portion is taken out. They are entered into India
at a lower rate of duty than piece goods in pieces.

Q. Then, coming to the United States, I am showing
you this table; what is that?
A. This is a
table of imports of cotton piece goods into the United

THE COMMISSIONER: Just a minute, this will be
exhibit 375. It is 375, isn't it?
MR. KILBOCK: It is 375, my lord, I think.

MR. KILBOCK: No, 375.
THE COMMISSIONER: Table of imports of cotton piece
goods into United States.
MR. KILBOCK: Yes, my lord, it is.

EXHIBIT No. 375:
Table of imports of cotton
piece goods into United
States.

A. Two sources; from 1880 to 1885 from the Economic
and Statistical Department of the Joint Committee
of the House and Senate of the United States, 1887 to
1890 from the Statistical Bureau of the United States

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Products published by the United States Department of Commerce.

Q. That shows what?

A. It shows the total cotton piece goods imports into the United States for the years 1925 to 1935 inclusive. At the same time it shows the total imports of cotton piece goods into the United States from Japan alone for the same years, 1925 to 1935 inclusive. In 1925 Japan exported to the United States 5.37 million yards of cotton piece goods, in 1930 1.02 million yards, in 1931 .7 million yards, in 1932 .8 million yards, in 1933 1.1 million yards, 1934x seven million yards, 1935 thirty-six million yards.

Q. And the total imports had apparently shrunk from 1925?

A. They were 109.25 million yards in 1925 and 63.67 million yards in 1935. In 1935 Japan supplied 58% of United States imports of cotton piece goods.

Q. That exhibit, Mr. Berry, dealt with the importations into the United States of cotton piece goods. What is this next exhibit, 374? What is it and what does it show?

A. This is a table prepared by the Association of Cotton Textile Merchants of New York from the Bureau of The Census reports.

THE COMMISSIONER: Just a minute; what do you say it is?

A. It is a table, my lord, prepared by the Association of Cotton Textile Merchants of New York.

Q. What does it show?

A. It is headed "Ten Years of Cotton Textiles" and the portion to which we

Report published by the United States Department of

5. That shows what? A. It shows the total cotton piece goods imports into the United States for the years 1925 to 1935 inclusive. At the same time it shows the total imports of cotton piece goods into the United States from Japan alone for the same years. In 1925 Japan exported to the United States 6.87 million yards of cotton piece goods, in 1930 1.02 million yards, in 1931 7 million yards, in 1932 8 million yards, in 1933 1.1 million yards, 1934 seven million yards, 1935 1.1 million yards.

6. And the total imports had apparently shrunk from 1925? A. They were 102.25 million yards in 1925 and 88.67 million yards in 1935. In 1925 Japan supplied 6% of United States imports of cotton piece goods.

7. That exhibit, Mr. Berry, dealt with the im- portations into the United States of cotton piece goods. What is this next exhibit, 374? What is it and what does it show? A. This is a table

prepared by the Association of Cotton Textile Merchants of New York from the Bureau of the Census reports. THE COMMISSIONER: Just a minute; what do you say

it is? A. It is a table, Mr. Lord, prepared by the Association of Cotton Textile Merchants of New York.

8. What does it show? A. It is headed "Ten Years of Cotton Textiles" and the portion to which

are particularly referring are the figures on the
apparent American market for cotton textiles. It
shows for 1935 as follows: Production in the United
States, 7,101,542,000 --

5 BY MR. McRUER: Q. Wait, that is the figure I was
just asking. A. I am giving it here.
7,101,542,000 square yards.

10 BY MR. KELLOCK: Q. That is the domestic production,
is it? A. That is the domestic production
in square yards in the United States.

15 BY MR. McRUER: Q. Seven billion -- A. Seven
billion five hundred and forty-two thousand square
yards. The exports in square yards were 186,565,000
square yards. The imports were 63,674,000 square
yards.

BY MR. KELLOCK:

15 Q. Is that comparable to the figure on the previous
exhibit? A. I believe it is.

20 BY MR. McRUER: Q. Would you give me the exports
again? A. 186,565,000 so that available
for domestic consumption in the United States was a
total of 6,978,651,000 square yards of cotton textiles.

25 BY MR. KELLOCK: Q. Is there anything else on that
exhibit that is of interest? A. Except
insofar as the figure of United States imports from
Japan for that year might be compared to the total
apparent American market for cotton textiles.

Q. You are looking now at the preceding exhibit, 373?

30 A. Yes.

EXHIBIT NO. 374:

Table prepared by Associat
of Cotton Textile Merchant
of New York.

Page 3

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are particularly referring to the figures on the

apparent American market for cotton textiles. It

shows for 1955 as follows: Production in the United

States, 7,111,000 yards.

BY MR. BRADY: A. Well, that is the figure I was

just hearing. A. I am giving it now.

7,101,000 yards.

BY MR. BRADY: A. That is the domestic production

is it? A. That is the domestic production

in square yards in the United States.

BY MR. BRADY: A. Seven billion --

million (the number of square yards)

yards. The exports in square yards were 186,000.

square yards. The imports were 65,674,000 square

yards.

BY MR. BRADY:

A. In that comparable to the figure on the previous

exhibit is it? A. I believe it is.

BY MR. BRADY: A. Would you give me the exports

of 1955, 186,000 square yards?

For domestic consumption in the United States was a

total of 8,396,321,000 square yards of cotton textiles.

BY MR. BRADY: A. Is there anything else in that

exhibit that is of interest?

There are the figures of United States imports from

Japan for that year might be compared to the total

apparent American market for cotton textiles.

A. You are looking now at the preceding exhibit, is it?

A. Yes.

THE COMMISSIONER: Q. What is that you are calling attention to?

A. I am calling attention to a comparison between the imports from Japan in 1935 and the apparent American market for cotton textiles in 1935. The imports from Japan were 36,000,000 square yards and the apparent American market was very close to seven billion square yards.

BY MR. KILLOCK: Q. So that while Japanese importation as shown by exhibit 373 was largely increasing it was a small portion of the United States consumption?

A. Very small.

Q. I don't know that in dealing with exhibit 374 that you gave his lordship -- perhaps you did, the figure on importations, yes, you did. I am showing you this document, Mr. Berry, which will be exhibit 375. What is that?

A. This is an announcement made by the United States Department of State on December 21, 1935.

BY THE COMMISSIONER: Q. December?

A. December 21, 1935.

Q. An announcement by the American Department of State?

A. Yes, my lord.

Q. About what?

A. It is an announcement regarding a voluntary limitation by Japan of cotton cloth exports to the United States. The second paragraph reads as follows:

"The Ambassador informed Mr. Sayre that his Government"-- the Japanese ambassador, my lord -- "that his Government authorized him to say that Japanese manufacturers and exporters of cotton

THE COMMISSIONER: What is that you are calling

attention to?

A. I am calling attention to

a comparison between the imports from Japan in 1935

and the export market for cotton textiles

in 1935. The imports from Japan were 35,000,000

square yards and the export market was 75

close to seven billion square yards.

BY MR. KILGORE: So that while Japanese impor-

tation as shown by exhibit 373 was largely increasing

it was a small portion of the United States consumption

A. Very small.

A. I don't know that in dealing with exhibit 374

that you gave his testimony -- perhaps you did, the

figures on importation, yes, you did. I am showing

you this document, Mr. Kilgore, which will be exhibit

375. What is that?

A. This is an announce-

ment made by the United States Government of State

on January 17, 1936.

BY THE COMMISSIONER: Is December?

A. December?

31, 1935.

A. An announcement by the American Department of

State?

A. Yes, my lord.

A. It is an announcement

regarding a voluntary limitation by Japan of cotton

of both exports to the United States. The second

paragraph reads as follows:

"The Ambassador informed Mr. Kilgore that his

Government -- the Japanese ambassador, my lord --

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"textiles have decided voluntarily to restrict their exports to the United States. He said further that this self-imposed restriction of shipments to the American market is already in force and that in view of the assurance of the Japanese exporters that they would continue to hold such shipments to moderate levels, there is little likelihood of a repetition of such abnormal increases in exports of cotton textiles to the United States as occurred during the first six months of 1935."

Q. That is exhibit --

THE COMMISSIONER: 375.

EXHIBIT NO. 375: Statement of Department of State of the United States of December 21, 1935.

BY MR. KELLOCK: Q. Then, I am showing you as exhibit 376 the Textile World, New York, of February 28, 1936, and what is that, Mr. Berry?

A. This is a resume of the United States trade with Japan in cotton goods and some other textile items during 1935.

" The cold figures reveal that Japan shipped us 7,286,000 sq. yd. of cotton goods in 1934, and 36,474,000 sq. yd. in 1935, which makes a nice little gain no matter how you look at it. The only encouraging feature is that imports dropped during the last six months of the year as compared with the first, the figures being 14,985,000 sq. yd. and 21,491,000 sq. yd. respectively. As has

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"textiles have decided voluntarily to restrict their exports to the United States. He said further that this self-imposed restriction of shipments to the American market is aimed, in force and that in view of the assurance of the Japanese exporters that they would continue to hold such shipments to moderate levels, there is little likelihood of a repetition of such abnormal increases in exports of cotton textiles to the United States as occurred during the first six months of 1955."

That is exhibit --

THE EXHIBIT NO. 275.

EXHIBIT NO. 276:

Statement of Representative of State of the United States of America at the

BY MR. WILSON: Q. Then, I am showing you as exhibit 276 the Textile World, New York, of February

A. This is a resume of the United States trade with Japan in cotton goods and some other textile items

"The cited figures reveal that Japan shipped in 1954, 7,286,000 yd. of cotton goods in 1954, and

80,474,000 yd. in 1955, which makes a nice

little gain no matter how you look at it. The

only encouraging feature is that imports dropped

during the last six months of the year as compared

with the first, the figures being 12,385,000 yd. and 21,491,000 yd. respectively.

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5 "been pointed out many times, the total volume of
imports is not as important as the fact that Japan
has concentrated on certain lines and dominates
the price situation in these categories. Further,
the industry has reason to worry about what is
going to happen next. In velveteens, for example,
Japan did not send us a single yard in 1934, only
5,944 sq. yd. in January, 1935, but by October the
10 total for the month had jumped amazingly to
470,841 sq. yd. It has been estimated that imports
in this line have been running about 70% of domestic
production for an average year.

15 So far, all that the industry has been able to
secure in the line of protection is a 'gentlemen's
agreement' limiting Japanese shipments to the
Philippine Islands, and an announcement by the State
Department that Japanese manufacturers and exporters
had agreed to limit shipments to this country on a
20 voluntary basis". That is the agreement referred to
in exhibit 375, my lord.

25 "The first is regarded as giving Japan more than
an equitable share of the Philippine market, and the
second is regarded with skepticism. There does
not seem to be much chance of the industry getting
anything more at this time. Government officials
take the position that nothing should be done until
actual importations reach the point where it can be
proven that the American industry is severely
30 damaged. The industry doesn't like the idea of
having to wait until it is knocked flat before

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imports is not as important as the fact that Japan
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in this line have been running about 70% of domestic
production for an average year.
So far, all that the industry has been able to
secure in the line of protection is a 'gentlemen's
agreement' limiting Japanese shipments to the
Philippine Islands, and an announcement by the State
Department that Japanese manufacturers and exporters
had agreed to limit shipments to this country on a
voluntary basis". That is the agreement referred to
in exhibit 875, my lord.
"Such limit is regarded as giving Japan more than
an equitable share of the Philippine market, and the
second is regarded with skepticism. There does
not seem to be much chance of the industry getting
anything more at this time. Government officials
take the position that nothing should be done until
actual importations show the point where it can be
proven that the American industry is seriously
damaged. The industry doesn't like the idea of
having to wait until it is knocked flat before

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"receiving any help.

It was not only the cotton branch that heard the rumbling of Japanese competition. Worsteds from the Land of the Rising Sun made their appearance in the New York market last fall. Although no large volume was sold and the lines were more in competition with British fabrics, the market was nervous when it was revealed that prices were 30% below those for comparable domestic products. Similarly, whenever imports of cotton hosiery took a jump some month, knit goods manufacturers were up in arms to guard against further inroads. Altogether, the Japanese situation received a pretty thorough going-over in 1935. Japanese business men rather plaintively complained during the midst of the storm that their country was being subjected to 'harmful propaganda'".

EXHIBIT NO. 376: Article from Textile
Journal, February 28, 1936.

THE COMMISSIONER: We will adjourn now until a quarter after two.

-- The Commission adjourned at 12.30 p.m., Tuesday June 9, 1936 to resume at 2.15 p.m. Tuesday, June 9, 1936.

--

"receiving any help.

It was not only the cotton branch that had the
 trouble of Japanese competition. Forward from the
 hand of the Hainan and made their appearance in the
 New York market last fall. Although no large volume
 was sold and the firms were more in competition with
 British fabrics, the market was nervous when it was
 revealed that prices were 30% below those for

comparable domestic products. Similarly, whenever
 imports of cotton hosiery took a jump some month,
 knit goods manufacturers were up in arms to guard
 against further inroads. Altogether, the Japanese
 situation received a pretty thorough going-over in

that. The Japanese situation was a pretty thorough
 going-over during the midst of the report that that
 country was being subjected to 'harmful propaganda'

EXHIBIT NO. 375: Article from Textile

THE COMMISSION: We will adjourn now until a

quarter after two.

-- The Commission adjourned at 12.30 p.m., Tuesday
 June 9, 1936 to resume at 2.15 p.m. Wednesday, June
 10, 1936.

--On resuming at 2.15 P.M.

WILLIAM M. BERRY, recalled

EXAMINED BY MR. KELLOCK:

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Q. During the adjournment have you had an opportunity to work out for his Lordship the percentage of the Japanese imports into the United States of the figure given in one of the earlier exhibits of what the available market was? A. Yes.

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THE COMMISSIONER: Q. We have the amount of importation? A. Yes, my Lord.

Q. Just the percentage? A. Yes, my Lord.

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Q. What exhibit is it? A. Exhibit 373 and 374. The Japanese imports into the United States constituted one-half of one per cent of the apparent American market for cotton goods in 1935.

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MR. KELLOCK: Q. And as to importations of other grades of goods I am showing you the New York American of the 2nd of June, 1936 - what does that show? A. This is some comments on the effect of imports of Japanese textiles into the United States dated as of June 2nd, this year.

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MR. McRUER: Q. What is the New York American? A. That is a daily newspaper.

THE COMMISSIONER: Is it one of the Hearst papers?

MR. KELLOCK: I don't know but I think it is.

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THE WITNESS: The first paragraph is not pertinent.

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"In 1932, we imported 58,036 sq. yds. of bleached cotton cloth from Japan; in 1935, 30,042,000 sq. yds.

Japan now offers wollens at half the price the American manufacturer is forced to ask, according to an analysis.

Japanese-made textile products are shown in an exhibit sponsored by the Pennsylvania Protective Union. The exhibit shows that cotton velveteen costs $45\frac{1}{2}$ cents per yard to market. Japan is selling it in our markets for $30\frac{1}{2}$ cents.

The Japanese maker can sell in New York City, at 11 cents a yard gingham that would cost a domestic maker $14\frac{1}{2}$ cents a yard to produce.

In 1929, the United States imported from Japan 1,908 pairs of cotton knit hosiery. In 1935, 7,386,049 pairs. American industries using linen thread can buy the Japanese product for 65 cents per pound; from an American manufacturer it would cost \$3.60 a pound.

Japanese wollens, exhibited by the Pennsylvania Protective Union, in contrast with American wollens of the same quality, revealed the following difference in prices: No. 1, Japanese \$1.87 per yard, American \$2.35; No. 2 Japanese, \$1.50 per yard, American, \$2.32 $\frac{1}{2}$

"In 1935, we imported 55,000 lbs. of wool."

of blended cotton cloth from Japan; in 1935,

50,000 lbs. of wool.

Japan has other wools of all the

price the American market is known to

see, according to an analysis.

Let me make a few points and show

is an exhibit sponsored by the Canadian

Protective Union. The exhibit shows that

cotton velvet costs 40¢ cents per yard to

Japan is selling it in our markets for

and wool.

The Japanese market can sell in New York

city, at 11¢ cents a pound, whereas that sold

cost a domestic market 14¢ cents a pound to

market.

In 1935, the United States imported from

Japan 1,908 pairs of cotton knit hosiery. In

1935, 7,000,000 pairs of American hosiery

using finer thread can buy the Japanese pro-

duct for 30¢ cents per pair; from the United

States it would cost \$2.00 a pair.

Japanese hosiery, sold in the United States

versus Protective Union, in contrast with

American wools of the same quality, revealed

the following differences in prices: No. 1,

Japanese \$1.87 per yard, American \$2.30;

No. 2 Japanese \$1.87 per yard, American \$2.30;

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per yard; No. 3 Japanese, \$1.92½ per yard,
American \$3.00; No. 4, Japanese \$1.66 per
yard, American \$2.22½."

EXHIBIT 377: Clipping from New
York American dated
June 2nd, 1936.

Q. Then some further figures: I am showing
you Daily News record of March 31st, 1936, Exhibit
378 - what do you say?

A. This is a
statement of figures of imports from Japan follow-
ing the settlement of the gentlemen's agreement
that was shown in Exhibit 375. It is entitled
"United States imports of Japanese Cloths Show
Big January Rise. Nearly doubled compared with
December - total imports 6,813,286 sq. yds."

"United States imports of Japanese
cloth nearly doubled in January as compared
with the preceding month, Fairchild Publica-
tions learned through an examination of pre-
liminary Department of Commerce figures.

Total U. S. Imports of Japanese cloth in
January amounted to 6,813,286 square yards
valued at \$287,376.00 compared with 2,491,525
sq. yards valued at \$123,016.00 in December,
1935, and 3,340,953 square yards valued at
\$156,965.00 in January, 1935.

Of the January total 5,842,933 square
yards were bleached cloth valued at \$231,642.
This is viewed as an alarming increase because

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per yard; 50. 5 inches, 11.25 per yard,
100 yds. 11.25. 11.25 per yard,
100 yds. 11.25. 11.25 per yard,
100 yds. 11.25. 11.25 per yard,

EXHIBIT 375: 11.25 per yard
100 yds. 11.25. 11.25 per yard,
100 yds. 11.25. 11.25 per yard,

in then some more 11.25. 11.25 per yard,
100 yds. 11.25. 11.25 per yard,
100 yds. 11.25. 11.25 per yard,
100 yds. 11.25. 11.25 per yard,

statement of 11.25 of 11.25 from 11.25 follow-
ing the settlement of the gentleman's agreement
that was shown in Exhibit 375. It is entitled
"United States imports of Japanese cloth 1935-
1936" - 11.25 per yard, 11.25 per yard,
100 yds. 11.25. 11.25 per yard,
100 yds. 11.25. 11.25 per yard,

those learned through an examination of the
11.25 per yard, 11.25 per yard,
100 yds. 11.25. 11.25 per yard,
100 yds. 11.25. 11.25 per yard,

Total U. S. imports of Japanese cloth in
January amounted to 1,117,350 yards
valued at \$187,376.00 compared with 1,117,350
yards valued at \$187,376.00 in January,
1935, and 1,117,350 yards valued at
\$187,376.00 in January, 1935.

of the January 1935, 11.25 per yard,
100 yds. 11.25. 11.25 per yard,
100 yds. 11.25. 11.25 per yard,
100 yds. 11.25. 11.25 per yard,

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of the fact that in the preceding month imports of bleached cloth totalled only 1,820,997 sq. yards valued at \$80,498.00. Imports of bleached cloth for January, 1935, amounted to 2,633,977 square yards valued at \$112,682.00.

Imports of unbleached cloth in January amounted to 53,815 square yards valued at \$2,010.00 compared with 57,302 square yards valued at \$1,844.00 in December, 1935, and zero in January, 1935. Imports of printed cloth in January amounted to 916,538 square yards valued at \$53,724.00 compared with 613,226 square yards valued at \$40,074.00 in December, 1935, and 707,658 square yards valued at \$44,283.00 in January, 1935.

Meanwhile tariff commission officials reported that their investigation of Japanese imports has been just about completed and may be ready for presidential scrutiny by the end of the month."

EXHIBIT 378: Clipping from the
"Daily News Record"
dated March 31st, 1936.

Q. Then have you any information as to any action taken by the United States Government in regard to duties on imports from Japan?

MR. BELLOCK: My friend suggests if you have information as to what the United States protection against Japan was during the period covered by the

of the first part in the preceding month imports
of dressed lumber totalled only 1,820,377 cu.
yards valued at \$90,428.00. Imports of dressed
lumber for January, 1935, amounted to 2,522,377
cubic yards valued at \$112,000.00.

Imports of dressed lumber in January

amounted to 25,810 square yards valued at
\$2,010.00 compared with 27,802 square yards
valued at \$1,244.00 in December, 1934, and
zero in January, 1935. Imports of painted
lumber in January amounted to 216,528 square

yards valued at \$24,720.00 compared with
218,222 square yards valued at \$40,071.00 in
December, 1934, and 707,522 square yards valued
at \$44,222.00 in January, 1935.

Imports of dressed lumber in January

amounted to 25,810 square yards valued at

imports has been just about completed and
may be ready for presidential scrutiny by the
end of the month.

and 1935: O'Brien from the

"Daily News Record"

. Then have you any information as to any

action taken by the United States Government in

regard to duties on imports from Canada

Mr. BROWN: My friend suggests if you have

information as to what the United States Government

action taken was during the last session of the

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figures which you have just given his Lordship.

THE WITNESS: I think that will be contained in subsequent exhibits comparing the old and new duties. Not this one but the following. This is the first announcement by the United States Tariff Commission on importation and it is from the Daily News Record of May 22nd, 1935.

Q. What is the Daily News Record? A. It is a daily newspaper published in New York dealing chiefly with items of the Textile Institute.

THE COMMISSIONER: . It is a textile paper?
A. Principally, my Lord. This item is entitled: "President Raises Duties 50% on Textile Goods from Japan. Order on Controversial Imports is made Effective June 20th."

Q. It is not in effect yet? A. No.
"Action follows breakdown of negotiations for new gentlemen's agreement."

"Following announcement from the State Department that negotiations with Japan for a satisfactory gentlemen's agreement with respect to cotton textile imports from Japan to this country, had completely broken down. President Roosevelt with unexpected suddenness today ordered an increase of the rate on duties on controversial textile imports from Japan to this country of approximately 50%, effective June 20th."

The President's order follows discussion on the floor of the House yesterday led by Congresswoman Rodgers, of Massachusetts, which was mainly to the effect that the time had passed for playing with "gentlemen's agreement" on a matter of such import to the domestic textile industry.

The increases, covering certain types of bleached, unbleached and printed cotton goods, were recommended by the Tariff Commission after a Senate authorized investigation as to whether present tariff duties were sufficient to equalize foreign and American costs of production."

EXHIBIT 379: Clipping from Daily News Record of May 22nd, 1936 "President Raises Duties 50%."

MR. KILLOCK: Q. Then on the same subject matter I am showing you the "Journal of Commerce" of May 22nd, 1936, which will be Exhibit 380. What is the Journal of Commerce? A. That is a daily financial newspaper published in New York City.

Q. Will you tell his Lordship what that shows? A. It is another statement of the increase in American cotton duties on Japanese goods. It is stated here that "average increase of 42% fixed based on findings of Tariff Commission," and that "new duties are placed into effect on June 30th." Applyin principally to bleached shipped here largely

The President's order follows dis-

cussion on the floor of the house yesterday
led by Congressman Rodgers, of Massachusetts,
which was mainly to the effect that the time
had come for the tariff commission to
make a report to the
domestic textile industry.

The increases, covering certain types of
bleached, unbleached and printed cotton goods,
were recommended by the tariff commission
as to whether present tariff duties were suf-
ficient to equalize foreign and American
costs of production."

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U.S. CUSTOMS
BUREAU

Mr. Anderson: Then on the same subject as for
I am showing you the "Journal of Commerce" of May
2nd, 1930, which will be Exhibit 380. What is the
Journal of Commerce?

Financial newspaper published in New York City.
Q. Will you tell his lordship what that shows?
A. It is another statement of the increase in
foreign cotton duties on Japanese goods. It is
stated here that "average increase of 44 1/2 per cent
in findings of tariff commission," and that "new

applying principally to bleached and printed cotton goods.

by Japan. Then gives some detail of the new duties and findings of the Tariff Commission, my Lord.

"President Roosevelt today proclaimed greatly increased duties for various types of cotton textile imports, which recently have been imported chiefly from Japan, thus marking abandonment of the so-called 'gentlemen's agreement' with Japan, limiting such imports.

Acting upon findings of the United States Tariff Commission, the president proclaimed new duties which represent an increase over existing tariffs of about 42% for both bleached cloths and printed, dyed, or colored cloths.

The new duties take effect June 30th. The increase in rates, however, does not affect unbleached cloth nor cloth woven with eight or more harnesses, or with jacquard, lapet or swivel attachments."

And further:

The president's proclamation, made public by the Tariff Commission today, increases the duties on bleached, printed, dyed or colored cotton cloths containing yarns the average number of which exceeds No.30, but does not exceed No. 50. The cloths on which duties are changed constituted about 53%, on the square yard basis, of the total cotton cloths

by Japan. Then give some detail of the new duties

and findings of the Tariff Commission, my lord.

"I should mention that the Commission

has found that the duties on cotton textile imports, which recently have

been imported chiefly from Japan, thus making

an important part of the so-called 'gentlemen's

agreement' with Japan, limiting such imports.

Acting upon findings of the United States

Tariff Commission, the President proclaimed

new duties which represent an increase over

existing tariffs of about 40% for both

bleached cloths and printed, dyed, or colored

cloths.

The new duties take effect June 30th.

The increase in rates, however, does not

affect undressed cloth nor cloth woven with

eight or more harnesses, or with Jacquard, Japan

The President's proclamation, made public

by the Tariff Commission today, increases the

duties on bleached, printed, dyed or colored

cotton cloth containing more than the average

percentage of which exceeds 10.50, and does not

include the 10% duty on cloth containing

less than 10% of such material.

The new duties will take effect June 30th.

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imported in 1935, and about 90% of the cotton cloths imported from Japan in that year.

The duties on cotton cloths in Paragraph 904 of the Tariff Act of 1930 depend on the fineness of the yarn; the higher the yarn number the higher the duty. On bleached cotton cloths within the limits specified in the proclamation the duties under the 1930 act range from 23.85% ad valorem for 31s average yarn number to 30.50 per cent for 50s; the new duties will range from 34 per cent ad valorem for 31s to 43.5% for 50s.

On printed, dyed or colored cotton cloths within the limits specified the duties under the Act of 1930 ranged from 26.85% ad valorem for 31s average yarn number to 33.50% ad valorem for 50s average yarn number; the new duties will range from 38% ad valorem for 31s average yarns number to 47.5 per cent ad valorem for 50s average yarn number.

The proclaimed duties represent an increase over existing duties of about 42% for both bleached cloths and printed, dyed, or colored cloths. The increase in rates does not effect unbleached cloth nor cloth woven with eight or more harnesses, or with jacquard, lappet or swivel attachments."

Then the "findings of Commission":

imported in 1935, and about 90% of the cotton
cloths imported from Japan in that year.
The value of cotton cloths in 1935 was
90% of the tariff set of 1930 based on the
fineness of the yarn; the higher the yarn
number the higher the duty. On bleached cotton
cloths within the limits specified in the pro-
clamation the duties under the 1930 act range
from 35.83% ad valorem for 31s average yarn
number to 30.50 per cent for 50s; the new
duties will range from 34 per cent ad valorem
for 31s to 45.5% for 50s.
On printed, dyed or colored cotton cloths
within the limits specified the duties under
the act of 1930 ranged from 30.83% ad valorem
for 31s average yarn number to 35.50% ad
valorem for 50s average yarn number; the new
duties will range from 35% ad valorem for
the average yarn number to 45.5% for 50s
ad valorem for 50s average yarn number.
The proclaimed duties represent an increase
over existing duties of about 4% for both
bleached cloths and printed, dyed, or colored
cloths. The increase in rates does not affect
unbleached cloth nor cloth woven with light or
more heavy weaves, or with jacquard, figured or
other designs.

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"The cost of production investigation of domestic and foreign cotton cloths was instituted by the Tariff Commission in response to a Senate resolution. The Commission selected for use as the basis of costs comparisons bleached, printed, dyed and colored cotton cloths containing yarns, the average number of which exceeds 20 but does not exceed 50. Imports of unbleached cloths as a whole are small and imports of bleached, printed, dyed or colored cloths coarser or finer than the 31-50s range consist of numerous varieties each of which is imported in relatively small quantities from any one country. Imports within the 31s-50s range constitute nearly 3/5ths of the total imports and they come principally from Japan. In its report the Commission compared costs of production of domestic cloths delivered at New York, the principal market, with cloths as evidenced by invoiced prices of similar Japanese cloths delivered at New York."

THE COMMISSIONER: Q. Costs as evidenced by

25 invoice prices? A. It means the prices at which the Japanese cloths were delivered in New York were taken as sufficient evidence of the costs of production of those Japanese cloths.

Q. The whole invoice price?

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MR. KELLOCK: No, I have here, my Lord, in

"The goal of protection investigation

of domestic and foreign cotton cloth was

initiated by the Tariff Commission in response

to a Senate resolution. The Commission

selected for use as the basis of cotton com-

parison bleached, printed, dyed and colored

cotton cloths of standard grade, the average

number of which exceeds 30 but does not exceed

50. Imports of unbleached cloths as a whole

are small and imports of bleached, printed,

dyed or colored cloths appear on their face

the 1913-14 range consist of numerous varieties

each of which is reported in relatively small

quantities from any one country. Imports within

the 1913-14 range consist of numerous varieties

of the total import and they come principally

from Japan. In its report the Commission con-

siders costs of production of domestic cloths

delivered at New York, the principal market,

with cloths as evidenced by invoice prices of

similar Japanese cloths delivered at New York."

THE COMMISSION: It is noted as evidenced by

the Commission that the Commission

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at which the Commission is

at which the Commission is

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connection with the next exhibit, the report of the hearing before the Commission. They took the Japanese invoice price but they deducted from that Marine Insurance--

THE COMMISSIONER: I should think so.

THE WITNESS: What I meant to say they based their findings on the invoice price of cloth in New York as being sufficient to arrive at the Japanese cost of production.

Q. They used the invoice price as basis?

A. Yes sir.

EXHIBIT 380: Clipping from "Journal of Commerce" May 22nd, 1936, "Roosevelt raises tariff on imports of cotton goods."

MR. KELLOCK: Q. I am showing you here, which will be Exhibit 381, a circular apparently issued by the American Tariff Commission on the 25th of February, 1936, to which is attached the president's proclamation of the 21st day of February, which deals with wool knit gloves. It is another type of cloth or product, rather. The preceding exhibit dealt entirely with cotton goods?

A. This is a further Japanese export to the United States which had been understudied by the United States Tariff Commission: "Wool Knit Gloves."

The first paragraph of this document reads:

"The Tariff Commission announces that the President has issued a proclamation effective

connection with the next period, the report of the
Board of Directors for the period ending 31st March 1900
shows that the company has made a profit of £10,000
and that the assets are £100,000.

It is also stated that the company has made a profit of £10,000
and that the assets are £100,000.

The Board of Directors for the period ending 31st March 1900
shows that the company has made a profit of £10,000
and that the assets are £100,000.

It is also stated that the company has made a profit of £10,000
and that the assets are £100,000.

It is also stated that the company has made a profit of £10,000
and that the assets are £100,000.

It is also stated that the company has made a profit of £10,000
and that the assets are £100,000.

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March 22, 1936, changing the duty on wool knit gloves and mittens valued at not more than \$1.75 per dozen pairs from 40 cents per pound and 35 percent ad valorem based on the foreign value to 40 cents per pound and 35 percent ad valorem based on the selling price of similar domestic articles."

And the last sentence of the statement reads:

"While domestic production in 1935 of 715,000 dozen pairs was about the same as in 1934, imports increased from 63,000 dozen pairs in 1934 to 527,000 dozen pairs in 1935. Of the total imports in 1935, 95 per cent came from Japan."

THE COMMISSIONER: Q. You say that the ad valorem duty is based on the selling price of a similar American article? A. Yes. The rates of duty under new and old duties are exactly the same.

Q. And somebody determines what a similar article would sell at? A. Yes, and the valuation of that similar American article is applied to the foreign article and the duties assessed on that basis.

Q. Has not kept it out? A. I have no further information. This is effective March 22nd.

EXHIBIT 381: United States Tariff Commission re wool knit gloves, February 25th, 1936, and attached proclamation of the President.

March 22, 1935, changing the duty on wool
that is over and above the duty on wool
than 1.5% per dozen pairs from 40 cents per
dozen and 25 percent ad valorem based on the
foreign value to 40 cents per dozen and 25
cent ad valorem based on the selling price of
similar domestic articles.

the last sentence of the statement reads:
"The domestic production of 1935 of 715,000
dozen pairs was about 10% more than in 1934,
imports increased from 25,000 dozen pairs in
1934 to 257,000 dozen pairs in 1935. Of the
total imports in 1935, 95 per cent came from
Japan."

The Board's report: "You say that the duty
is based on the selling price of a similar
domestic article. The rates of
duty under new and old duties are exactly the same.
and somebody determines what a similar

and the valuation of that similar domestic article
is applied to the foreign article and the duties
assessed on that basis.
It is not that it only
to the other hand, this is effective when
and.

United States Tariff
Committed to the wool tariff
January 1, 1935.
and effective immediately
of the Tariff.

MR. KNELOCK: I would like to put in as Exhibit
382 the Report of the United States Tariff Commis-
sion dealing with "Wool Knit Gloves and Mittens,"
the result of which was embodied in the proclamation.
It forms the basis, my Lord, for the proclamation
in the preceding exhibit, and for your Lordship's
convenience I have attached to the front a sheet
which refers to the relevant parts of it and perhaps
the witness may indicate to your Lordship what is
of interest.

This is an investigation commenced on August
20th, 1935, and the first public hearing was held
on the 24th of August, 1935, and the report was made
on the 11th of February, 1936, and the President's
proclamation, as Exhibit 381, was on the 22nd of
February, 1936. It indicates that the imports of
Japanese gloves increased from 30,563 dozen pairs
in 1934 to 497,067 in 1935. It indicates also that
the Commission analyzed the invoice value of the
customs entries for 349,732 dozen pairs of Japanese
gloves for the first ten months of 1935, and they
report that the average cost of those gloves was
for women's sizes in the United States \$4.36 per
dozen and in Japan \$1.75, the difference being \$2.61
a dozen, and that on Misses' sizes the United States
cost was \$3.98 per dozen and the Japanese cost was
\$1.48 a dozen and the difference was \$2.50 a dozen.
The method of ascertaining foreign costs was given

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and in essence was "to take the invoice value as ascertained for customs invoices," and "to ascertain from the importers invoices and records,

ocean freight, marine insurance, domestic charges for brokers' entry-fee, domestic freight, etc."

EXHIBIT 382: Report of the United States Tariff Commission on wool knit gloves and mittens dated February 11th, 1936, with addenda attached.

Q. When I am showing you a circular of the United States Department of State dated April 4th, 1936, and that deals with still another product that of cotton rugs. Would you indicate to his Lordship what that shows?

A. "Information has been received from the Japanese Government regarding the limitations voluntarily enforced by Japanese exporters on their shipments of cotton rugs to the United States for the twelve-month period ending May 31, 1936, and regarding the statistics of shipments made under these limitations from June 1, 1935, to February 29, 1936.

(1) Chenille rugs wholly or in chief value of cotton - 700,000 square yards.

(2) Hit-and-miss rag rugs wholly or in chief value of cotton - 3,350,000 square yards.

(3) Rugs wholly or in chief value of cotton (except grass and rice straw),

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other than chenille, imitation oriental,
and hit-and-miss rag rugs - 4,070,000
square yards."

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EXHIBIT 383: Circular of United
States Department of
State dated April 4th,
1936.

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Q. I am showing you as an exhibit, my Lord,
the "Daily News Record" of May 12th, 1936 - would
you tell his Lordship about that? A. This

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is a reference to application made to the United
States Tariff Board for review of the duties on
woolen goods, principally in relation to Japanese
importations. The heading of this article is
"United States Valuation Basis Urged in Assessing
imports of Woolens." The first paragraph reads
as follows:

20

"The wool textile industry yesterday
called upon the United States Tariff Commission
for support in its attempt to have duties on
imported wool fabric assessed on the basis of
American selling prices instead of on foreign
costs, in order to protect it from increasing
importations from Japan."

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THE COMMISSIONER: Q. That is what was done
in respect to gloves? A. Yes, my Lord,
and it is now done on woolen fabric.

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"The Commission was also asked to investi-
gate costs of producing blankets in Great

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other than shawls, imitation oriental,
and hit-and-miss - 4,070,000

Director of United
States Department of
1936.

EXHIBIT 366:

Q. I am showing you as an exhibit, my Lord,
the "Daily News record" of May 12th, 1936 - would
you tell his Lordship about that?
A. This
is a reference to application made to the United
States Tariff Board for review of the duties on
wool in goods, principally in relation to Japanese
imports. The heading of this article is
"United States Valuation on Goods Imported in Assessing
Imports of Woolens." The first paragraph reads
as follows:

"The wool textile industry yesterday

for support in its attempt to have duties on
imported wool fabric assessed on the basis of
American selling prices instead of on foreign
costs, in order to protect it from increasing

THE COMMISSIONER OF CUSTOMS: That is what was done

A. Yes, my Lord, in respect to fibers?

and it is now done on woolen fabric.

"The Commission was also asked to investi-

gate costs of producing blankets in Great

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5 Britain and the United States to determine whether or not the present rates afford adequate protection to the domestic blanket mills with a view to recommending to the President that the present rates on blankets, which are lower than the rates on piece goods, be reasonably increased.

10 The brief was filed by Arthur Besse, president of the National Association of Wool Manufacturers who stated that the industry is alarmed at the rapid increase in importations of wool fabric. He stated that our wool textile wages, as expressed in terms of the American dollar are ten times greater in this country than in Japan and two and a half times greater than in Great Britain. He asserted that this disparity in wages rates enabled Great Britain and Japan to pay existing duties and still undersell domestic mills in the American market.

25 Domestic manufacturers are of the opinion that wage levels in Japan are so low that no duty based on prices in Japan can give proper protection. They, therefore, are asking for a change to the 'American Valuation System' whereby the duty will be assessed as a percentage of the value here, instead of the value in the country of origin."

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July

Britain and the United States to determine

whether or not the present rates afford

adequate protection to the domestic industry

with a view to recommending to the

President that the present rates on blankets,

which are lower than the rates on piece goods,

be reasonably increased.

The brief was filed by Arthur Goss,

President of the National Association of Wool

Manufacturers who stated that the industry

is alarmed at the rapid increase in importations

of wool fabric. He stated that our wool-text-

ile wages, as expressed in terms of the

American dollar are ten times greater in this

country than in Japan and two and a half times

greater than in Great Britain. He asserted

that this disparity in wages makes possible

Great Britain and Japan to pay existing duties

and still undersell domestic mills in the

United States.

Domestic manufacturers are of the opinion

that wage levels in Japan are so low that no

duty based on value in Japan can give proper

protection.

It is suggested that the duty be based on

whenever the duty will be assessed as a per-

centage of the value here, instead of the value

at the country of origin."

And goes on to state further down:

"The brief states that imports from Japan of wool yarns and piece goods have not yet attained a substantial volume as compared with the domestic production, but that it is apparent that the Japanese are in a position to offer destructive competition in the immediate future." "Representatives of Japanese importing firms" the brief states, "have freely stated that they expect to be substantial factors in the sale of woolen and worsted piece goods in the United States next season." The record in those industries already suffering from Japanese competition - pottery, rayons, cotton, glassware, toys, pensils, and others - indicates that imports from Japan have jumped almost over night so that while Japan was not a factor in one year, in the next year they almost completely dominated the import market."

EXHIBIT 384: Clipping from Daily News Record May 12, 1936, "U.S. Valuation Basis Urged in Assessing Imports of Woolens."

MR. KOLLECK: "Q. You have not yet given his Lordship figures on imports of rayon into the United States from Japan. I am showing you this Table, which will be Exhibit 385 - what does that indicate?"
A. This Table is a partial statement of all the

1913

and goes on to state further down:

of wool yarns and piece goods have not yet at-
tained a substantial volume as compared with
the domestic production, and that it is ac-
cordingly that the Japanese are in a position to
offer a very active competition in the Japanese
markets. Representatives of Japanese export-
ers (Yama) have stated, they have freely
stated that they expect to be substantially
latter in the sale of woolen and worsted
fabrics in the Japanese market and that
the record in these industries already shows
that there is some competition - pottery,
silk, cotton, glassware, etc., porcelain,
and others - industries that imports from
Japan have jumped him at over eight or ten
while Japan was not a factor in one year, in

the import market."

1913-14: C. B. Bryan & Sons

1913, "C. B. Bryan & Sons"

1913, "C. B. Bryan & Sons"

Mr. KOBAYASHI: You have not yet given me

information as to the amount of the import of the United

States from Japan, I am assuming that the United

States is a partial statement of all the

figures that are available on the chief United States imports of rayon from Japan. It shows, in brief, that the total rayon product imported from Japan in 1933 into the United States were 736,427 pounds and in 1934, 1,358,458 pounds. Of rayon woven goods in 1933, 7,272 pounds and in 1934 10,078 pounds and in one half of 1935, 13,667 pounds. The final section deals with the increase in the imports of rayon waste into the United States from Japan.

THE COMMISSIONER: What is that used for?

A. It is a raw material. It is a by-product of the Japanese rayon industry, which is further processed in the United States. These figures are a partial statement of the available--

Q. No objection to that coming into the United States?

A. As far as I know, no.

EXHIBIT 385: Statement of United States imports from Japan of rayon products.

MR. KELLOCK: I do not know whether your Lordship would like to see one or two of these journals that have been referred to. One of them in my hands is the Daily News Record, issue of June 9th, 1936. Your Lordship sees the type of journal it is. I also have a sample copy of the Journal of Commerce of June 8th, 1936. It has been referred to here.

Q. I want to deal for a few minutes with the

figures that are available on the United States imports of rayon from Japan. It shows, in brief, that the total rayon product imported from Japan in 1933 into the United States was 750,000 pounds and in 1934, 1,308,400 pounds. Of rayons woven goods in 1933, 7,870 pounds and in 1934, 10,078 pounds and in one half of 1935, 13,000 pounds. The final action deals with the increase in the imports of rayon wares into the United States from Japan.

Q. Now, what is that rayons? A. It is a new material. It is a by-product of the rayon rayon industry, which is further processed in the United States. These figures are a partial statement of the available--

Q. No objection to that coming into the United States? A. As far as I know, no. Q. Now, statement of United States imports from Japan of rayon products.

A. I do not know whether your partnership would like to see one or two of these journals that have been referred to. The 11th in my hand is the 11th of 1936, issue of June 11th, 1936. Your partnership sees the type of journal it is. I also have a sample copy of the Journal of Commerce of June 2nd, 1936. It has been referred to in the past. I want to show you the situation with the

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Philippines which have been referred to in some of the earlier matter and I am showing you this Table, which will be Exhibit 386 - what is this Table?

5 A. Table showing the imports of cotton and piece goods into the Philippine Islands.

Q. And your source of information indicated?

10 A. That referred to cotton piece goods for the period from 1924 to 1935 the United States sales of cotton piece goods to the Philippine Islands decreased from 69 million square yards to 47 million square yards.

15 In the same period, 1924 to 1935 Japanese sales of cotton piece goods in the Philippine Islands increased from 14 million square yards to 87 million square yards. The intervening figures are also

20 shown. With regard to rayon piece goods, the United States sales to the Philippine Islands have remained at less than a million square yards in any one year, being half a million square yards in 1932 and 700,000 square yards in 1935. On the other hand the Japanese sales of rayon piece goods in the Philippines was 7,000,000 sq. yards in 1932 and 19,000,000 square yards in 1935.

25 EXHIBIT 386: Table of imports of piece goods into Philippine Islands.

30 Q. Then with regard to the rayon tariff and imports in that country I am showing you this Table, which will be Exhibit 387.

MR. MORUER: In the Philippines?

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Philippines which have been referred to in some of the earlier matter and I am showing you this table, which will be Exhibit 386 - what is this table?

A. Table showing the imports of cotton and piece goods into the Philippine Islands.

Q. And your source of information indicated?

A. That referred to cotton piece goods for the period from 1934 to 1935 the United States sales of cotton piece goods in the Philippine Islands amounted to 55 million square yards to 47 million square yards. In the same period, 1934 to 1935 Japanese sales of cotton piece goods in the Philippine Islands amounted to 19,000,000 square yards to 19,000,000 square yards. The Japanese sales of cotton piece goods in the Philippine Islands have remained at less than a million square yards in any one year, being half a million square yards in 1933 and 700,000 square yards in 1934. On the other hand the Japanese sales of cotton piece goods in the Philippines was 7,000,000 sq. yards in 1933 and 19,000,000 square yards in 1934.

EXHIBIT 386: Table of imports of piece goods into Philippine Islands.

Q. Then with regard to the rayon tariff and imports in that country I am showing you this table, which will be Exhibit 387.

A. Rayon: in the Philippines

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MR. KELLOCK: Yes.

Q. Tell his Lordship what that shows.

A. This is a statement of the Tariff Rates
and Imports of rayon to the Philippine Islands.

THE COMMISSIONER: Is the Philippine tariff
fixed by Washington?

A. No, my Lord, it
is fixed in the Philippine Islands, the general
tariff applies.

Q. Only United States goods come in there free?

A. By arrangement, my Lord. The general tariff
applies to Japanese goods and the tariff from the
United States is free.

EXHIBIT 387: Statement rayon tariff
and imports, Philippine
Islands.

MR. KELLOCK: Q. I am showing you as Exhibit
388 the Daily News record of March 9th, 1936 - what
does that indicate?

A. This is some
further information in regard to Philippine import
of Japanese cloths in 1935. It states that:

"Japanese cloths exports to the Philippine
Islands showed a marked increase in 1935 as
compared with the previous year and American
cloth export to the Islands continued to decline,
preliminary Department of Commerce statistics
disclosed.

At the same time 89% increase in the export
of Japanese low cost rayon goods to the Philip-
pines was noted."

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and imports of rayon to the Philippine Islands.

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applies to the same goods and the tariff from the

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of Japanese cloths in 1935. It states that:

"The same cloths exported to the Philippine

Islands showed a

compared with the previous year and

... ..

... ..

... ..

At the same time the increase in the export

of Japanese low cost rayon goods to the Philip-

... ..

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This article contains a tabulation of the import
of cotton goods into the Philippine Islands in
thousands of square meters, which are in a different
5 unit to the Table already filed but which figures
are consistent with those shown in that Table. With
regard to rayon export from Japan to the Philippine
Islands it states:

10 "Philippine imports of rayon goods from
Japan in 1935 were reported to be 89% greater
in quantity than those of the preceding year.
Since 1929 Japan has supplied the bulk of
Philippine imports of rayon fabrics, but the
15 increase in 1935 assumed added significance.
Prices of rayon fabric were declining steadily
in the latter part of 1935, and as a result
rayon fabrics offered increasingly severe
competition to United States cotton goods, par-
20 ticularly shirtings and dress goods.

Arrivals of rayon goods from Japan during
the first week of February - - "
this would be 1936.

25 "- - -amounted to 750 cases, compared with
647 in the last twelve days of January.

Japanese rayon export to the Islands in
1935 totalled 13,690,000 square meters as
compared with 433,000 square meters in United
States export. In 1934 Japan sold 7,239,000
30 square meters of rayon goods to the Philippines

compared with United States sales of 793,000."

Q. Then was there some limitation of imports imposed in the Philippines? A. Yes.

5 EXHIBIT 388: Daily News Record,
March 9th, 1936,
"Japanese Cloth Exports
for 1935 to Philippines
gain."

Q. I am showing you as next Exhibit 389 a
circular of the Department of State of the United
10 States of October 12th, 1935 - tell his Lordship
what that indicates? A. This is entitled
"Voluntary Limitation of Shipments of Japanese
Cotton Textiles to the Philippine Islands."

15 "The Japanese Ambassador called on Mr.
Francis B. Sayre, Assistant Secretary of State,
on October 11, 1935, and stated that the re-
cently formed Association of Japanese Ex-
porters of Cotton Piece Goods to the Philippine
20 Islands will, for a period of two years be-
ginning as of August 1, 1935, and provided there
is no increase in the Philippine tariff on cotton
piece goods, voluntarily limit imports of
Japanese cotton piece goods into the Philippine
25 Islands to a figure not to exceed 45,000,000
square meters annually.

30 This voluntary action on the part of the
Japanese textile exporters should materially
improve the position of American cotton textiles
in the Philippines since it will reduce

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connected with United States sales of \$75,000."

2. When was there some limitation on imports

imposed in the Philippines?

3. I am showing you as next exhibit 39 a

copy of the report of the United

States of October 1935 - full and complete

information for 1935 to Philippines

is this?

4. I am showing you as next exhibit 39 a

copy of the report of the United

States of October 1935 - full and complete

information for 1935 to Philippines

is this?

5. I am showing you as next exhibit 39 a

copy of the report of the United

States of October 1935 - full and complete

information for 1935 to Philippines

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States of October 1935 - full and complete

information for 1935 to Philippines

is this?

8. I am showing you as next exhibit 39 a

copy of the report of the United

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substantially the quantity of Japanese textiles supplied to that market. The maximum established for Japanese shipments to the Philippines during each of the next two years, 45,000,000 square meters, can be compared with 59,790,000 square meters shipped during the twelve months preceding September of this year, and with a total of 56,356,000 square meters during the calendar year 1934.

The Islands are now importing cotton goods at the rate of more than 95,000,000 square meters annually, not more than 5 percent of this total coming from countries other than the United States and Japan. On a value basis, the United States will undoubtedly supply a much larger proportion than Japan during the next two years. It is anticipated, on the basis of available figures, that the value of imports from the United States under the new arrangement will be approximately twice the value of imports from Japan.

The Japanese cotton textile interests, taking cognizance of the recent agitation, both in the United States and in the Philippine Islands, for increases in the cotton textile schedule of the Philippine tariff, are voluntarily taking action regulating their shipments to the Philippine Islands in an effort to

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substantially the quantity of Japanese textiles
in place to that extent. The maximum extent
issued for Japanese shipments to the Philippines
during each of the next two years, 25,000,000
square meters, can be compared with 25,750,000
square meters shipped during the twelve months
preceding September of this year, and with a
total of 25,350,000 square meters during the
calendar year 1934.

The islands are now importing cotton goods
at the rate of more than 25,000,000 square meters
annually, not more than 5 percent of this total
coming from countries other than the United
States and Japan. On a value basis, the
United States will undoubtedly supply a much
larger proportion than Japan and the next
two years. It is anticipated, on the basis of
available figures, that the value of imports
from the United States under the new arrange-
ment will be approximately twice the value of
imports from Japan.

The Japanese cotton textile interests,
taking cognizance of the recent agitation, both
in the United States and in the Philippine
Islands, for increases in the cotton textile
schedule of the Philippine tariff, are vigor-
ously active with legislation their opponents
in the Philippine Islands in an effort to

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stabilize that market. It is believed that a careful consideration of all the factors involved will indicate that this action should prove beneficial to the cotton textile industries of both the United States and Japan without prejudicing the interests of the people of the Philippine Islands or in any way obligating the Philippine Government."

EXHIBIT 389: Circular of Department of State, dated October 12, 1935, re voluntary limitation of shipment of Japanese cotton textiles to the Philippine Islands.

Q. And have you some information as to what followed that? A. This is an article taken from the Journal of Commerce, of May 18, 1936. This gives some information as to the results of the "gentlemen's agreement" referred to in the previous agreement, my Lord. It is entitled "Japan Yielding to U. S. in Philippines. Cloth shipments from this country took the lead in Month of April."

It goes on to state:

"Unofficial but reliable reports to the Cotton Textile Institute disclosed that in April, for the first time - with the exception of December and January - since the "gentlemen's agreement" became effective as of August 1st, 1935, arrivals of American cotton goods in the

stabilize farm market. It is believed that
a general consideration of all the facts
involved will indicate that such action is
more beneficial to the cotton textile indus-
tries of both the United States and Japan
without prejudicing the interests of the people
of the Philippine Islands or in any way violating
the Philippine Government."

REMARKS: Director of Depart-
ment of State, United States
Department of State, Washington, D.C.
voluntary limitation
of import of Japan
and other countries
to the Philippine
Islands.

Q. And have you some information as to what
action was taken from the summer of 1932, or
this gives some information as to the results of the
"gentlemen's agreement" referred to in the previous
statement, as to the limitation of Japanese ships
from the U.S. in Philippine Islands. (This statement from
this country took the lead in month of April.)

It goes on to state:
"Unofficial but reliable reports to the
cotton textile industry disclosed that in April,
for the first time - since the execution of the
gentlemen's agreement - since the 'gentlemen's
agreement' became effective at about 1911,
1935, arrivals of American cotton goods in the

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Philippine Islands exceeded Japanese shipments to the same market."

THE COMMISSIONER: Q. All that does not seem to be a matter for the Philippine people - it is between United States competitors and Japanese competitors?

A. It seems to have been arranged by the United States State Department.

. That is, there is no Philippine manufacturing going on as far as I can gather? A. None but a certain amount of hand weaving.

Q. As far as the Philippine Islands is concerned both these competitors are outsiders? A. Yes, my Lord.

"During the first months of the agreement, increased shipments of Japanese goods, made indirectly by way of Hong Kong, raised a serious question as to whether the volume of such shipments could be controlled by action of the Japanese textile exporters. These transshipments, which were practically negligible in the first eight months of 1935, had, by April, 1936, reached the high monthly rate of 1,600,000 square meters. It is obvious that a continuation of this tendency would defeat the agreement.

There was a further danger that the limitation of shipments from Japan would stimulate the export of Chinese textiles to the Philippines

Philippine islands expected Japanese shipments
to the same extent.
The question of the Philippines does not seem to
be a matter for the Philippine people - it is between
United States competitors and Japanese competitors.
A. It seems to have been raised by the United States
State Department.
That is, there is no Philippine manufacturing
policy on as far as I am concerned.
A. None but
I want to know if that is correct.
A. As far as the Philippine islands is con-
cerned both these competitors are outsiders? A. Yes.
My Lord.
"During the first months of the movement,
increased shipments of Japanese goods, made
indirectly by way of Hong Kong, raised a
serious question as to whether the volume of
such shipments could be controlled by action
of the Japanese textile exporters. These
transshipments, which were practically negligible
in the first eight months of 1930, had, by
April, 1930, reached the high monthly rate of
1,500,000 square meters. It is obvious that a
continuation of this tendency would defeat the
movement.
There was a further danger that the im-
position of duties from 500 to 1000 per cent
on the export of Chinese textiles to the Philippines

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particularly those manufactured in Japanese owned mills;

5 The agreement also failed to anticipate greatly increased shipments of Japanese rayon into the Philippines. In the manufacture of rayon, great technological progress has recently been made in Japan and that country is now able to lay down large quantities of rayon fabrics in the Philippine market at prices sufficiently 10 low to constitute a serious threat to American textiles."

EXHIBIT 319: Clipping from the Journal of Commerce and the Daily News Record of May 15, 1936.

15 MR. KELLOCK: Q. Then this seems to be a rather short extract on the same subject matter from the Journal of Commerce, dated April 17, 1936? A. Yes.

20 Q. What is that? A. "Manila Japan Imports":

 "By airplane the following set of Philippine Islands cotton and rayon cloth import statistics were received in the local market. They show how Japan is circumventing the 25 Philippines quota arrangement by having greater amount of cottons come from Japanese owned or controlled China and Hong Kong Cotton Mills. The imports are for the period between March 1st and 24th, 1936. They show Japan shipped 30 into Manila 1,311,000 square meters; Hongkong

cannot arise;

greatly increased shipments of Japanese rayon
into the Philippines. In the manufacture of
rayon, great technological progress has recently
been made in Japan and that country is now able
to lay down large quantities of rayon fabrics
in the Philippine market at prices sufficiently
low to constitute a serious threat to American
textiles."

Rayon Shipments from Japan
Journal of Commerce and
the Daily News Record
of May 12, 1936.

Mr. H. H. H. : Then this seems to be a rather
short extract on the same subject matter from the
Journal of Commerce, dated May 17, 1936. A. J. H.
Q. What is that?

Importers:

"By airplane the following set of
Philippine Islands cotton and rayon cloth imports
statistics were received in the local market.
They show that Japan is displacing the
Philippine cotton arrangement by having greater
amount of cotton come from Japanese owned or
controlled firms and that Japan will
The reports are for the period between March
1st and 24th, 1936. They show Japan shipped
1,445,000 lbs. of cotton, 1,445,000 lbs. of rayon."

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Berry

2,370,000; China 589,000 and the United States 1,427,000. The total yardage was 5,397,000 square meters. In addition Japan shipped to Manila 2,588,000 square meters of rayon cloth during the same time. The above figures were prepared by the customs authorities. Comment in the trade is to the effect it is rather startling to note the very rapid increase in imports from Hong Kong. A Manila comment is 'these consist almost entirely of Japanese goods which have been transhipped from Hong Kong. It is probable that at least 2,000,000 of these imports were Japanese.'

EXHIBIT 391: Clipping from Journal of Commerce, April 17th, 1936. headed "Manila Japan Imports."

MR. KILLOCK: I have just three short references to three distinct countries and I am through with this phase of the matter. The next reference is to The Dutch East Indies where there is domestic production and I am showing you - which will be Exhibit 392, report of The Economic & Statistical Department Joint Committee of Cotton Trade Organizations, Manchester, of April 1936. Mr. Berry, would you indicate to his Lordship from that report the significant parts?

A. My Lord, this pamphlet was prepared by this Bureau as a review of the markets for cottons and rayon goods in the

Boy

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2,370,000; China 229,000 and the United States
1,447,000. The total yardage was 3,427,000
square meters. In addition Japan shipped to
Manila 2,588,000 square meters of rayon cloth
during the same time. The above figures were
in the trade to the effect it is rather
startling to note the very rapid increase in
imports from Hong Kong. A Manila comment is
'these consist almost entirely of Japanese
goods which have been transhipped from Hong Kong.
It is probable that at least 2,000,000 of these
imports were Japanese.'

WILLIAM 391: Manila from Journal
of Commerce, April 1934.
1934. headed "Manila
Import Statistics."
MR. KENNEDY: I have just three short references
to three distinct countries and I am through with
this phase of the matter. The next reference is to
The Dutch East Indies where there is domestic
production and I am showing you - which will be
Exhibit 392, report of the Economic & Statistical
Department Joint Committee of Government - Trade Organization
for instance to his leadership from that report the
A. my Lord, this
significant part
commented on by this Bureau as a review of
the subject of the

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Dutch East Indies. It contains a Table of imports of piece goods into the Dutch East Indies.

Q. On what page? A. On page 21.

Showing that in 1929 the principal islands imported 108,210,000 yards of cotton piece goods from the United Kingdom and in 1935, 8,000,000 square yards as against 108,000,000 in 1929. It shows that the imports in yards from Japan of cotton piece goods were 193,475,000 in 1929 and 308,040,000 in 1935.

With regard to rayon piece goods it shows that the imports from the United Kingdom were 1,527 quintals in 1929 and 247,000 quintals in 1935. The corresponding Japanese figures are for 1929, 6,265 quintals and in 1935 44,719 quintals. The comment with regard to the market in the Dutch East Indies is, in brief, as follows:

"Before the war, the United Kingdom and Holland shared the greater part of the Dutch East Indies cotton trade; about 300 million yards came from the United Kingdom and rather less from Holland. During the war, Japan entered the market and her competition increased till in 1929 she held the largest share of the trade in every class of cotton and rayon imports except bleached goods, muslins and fancy cloths, and sarongs and slendangs. (Sarongs and slendangs are garment cloths, out ready for wear, of cotton, rayon, or mixed

... and ...
of piece goods into the ...

... On what basis ...

showing that in 1933 the principal ...
108,210,000 yards of cotton piece goods from the
United Kingdom and in 1934, 8,000,000 square yards
as against 108,000,000 in 1933. It shows that the
imports in yards from Japan of cotton piece goods
were 193,493,000 in 1933 and 308,040,000 in 1934.
With regard to rayon piece goods it shows that the
imports from the United Kingdom were 1,517,000 yards
in 1933 and 247,000 yards in 1934. The correspond-

... and in 1935 44,719 yards. The comment with regard
to the effect is the ... in brief,
as follows:

"Before the war, the United Kingdom and
Holland shared the greater part of the Dutch
East Indies cotton trade; about 300 million
yards came from the United Kingdom and rather
less from Holland. Since the war, Japan
entered the market and her competition increased
... in 1935 she held the largest share of the
... in every case of cotton and rayon
...
...
...
...

cotton and rayon, generally colour-woven, or printed. The United Kingdom suffered more severely than Holland from Japanese competition before 1929, and imports of cotton piece goods from the United Kingdom were reduced by that year to 143 million yards.

During the depression, Japanese competition continued at an accelerated pace. The poverty of the population - both native and European - resulting from the catastrophic fall in the prices of the raw materials on which they depended, forced consumers to buy the cheapest goods available. Between 1929 and 1935 total imports of cotton piece goods into Java and Madura fell from 488 to 374 million yards (Table 1). Imports from the United Kingdom fell from 108 to 8 million yards, imports from Holland from 130 to 50 million yards, while imports from Japan increased from 198 to 308 million yards. Japan by 1935 had captured 82 per cent of the total trade in cotton piece goods, only 2 per cent being left to the United Kingdom.

Then on page 8, some comments with regard to Japanese penetration as follows:

"The Japanese firms interested in exporting to the Dutch East Indies have also begun to set up their own importing branches in

bottom and rayon, generally colour-woven, or
painted. The United Kingdom suffered more
severely from Holland from Japanese competition
before 1939, and imports of cotton piece goods
from the United Kingdom were reduced by that
year to 143 million yards.
During the depression, the woolen and cotton
industries continued at an accelerated pace. The growth
of the population - both native and foreign -
resulting from the catastrophic fall in the
prices of the raw materials on which they
depended, forced consumers to buy the cheapest
available goods. Imports of cotton piece goods into Japan and
Korea fell from 428 to 374 million yards
in 1939. Imports from the United Kingdom
fell from 108 to 8 million yards. Imports
from Holland fell from 130 to 56 million yards, while
imports from Japan increased from 122 to 308
million yards. Japan by 1939 had captured
21 per cent of the total trade in cotton piece
goods, only 2 per cent being left to the United
Kingdom.
Then on page 9, some comments with regard to Japanese
penetration as follows:
"The Japanese have been also
porting to the United States and have also
begun to set up their own manufacturing concerns in

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5 Java (e.g. Mitsui), but this development is
not regarded with favour by the Dutch authori-
ties and the system of import licenses de-
scribed below is in part designed to restrict
it. The Japanese export trade is now controlled
by a special Export Guild of merchants dealing
with the Dutch East Indies. The function of
the Guild is to allocate the trade among the
10 individual exporters under the licensing system
which has recently been introduced."

Then on page 11, some note is made of the steps which
have been taken to curtail the imports of Japanese
made fabrics:

15 "Until the world depression reached its
lowest point, in 1931 and 1932, Dutch colonial
tariff policy was consistently directed to the
preservation of the greatest possible freedom
of trade and of low tariff rates. No attempt
20 was made to use tariff preferences or import
restrictions to give preference to the products
of the mother country. But the loss of Dutch
trade during the depression, and the threat
25 of Japanese commercial predominance in the
Dutch East Indies, induced the authorities
to change their attitude.

At first, it was hoped that an increase
in tariff rates - required in any case by the
30 critical budgetary position - might help to

1931

1931

... (e.g. tariff), but this development is
not restricted with favour by the author authori-
ties and the system of import licenses re-
stricted below is in part designed to restrict
it. The Japanese export trade is now controlled
by a system of import licenses which is similar
with the import-export system. The function of
the tariff is to allocate the trade among the
individual exporters under the licensing system
which has recently been introduced.
Then on page 11, some note is made of the steps which
have been taken to curtail the imports of Japanese
goods.
"Until the world depression reached its
lowest point, in 1931 and 1932, Japan colonial
tariff policy was consistently directed to the
preservation of the greatest possible freedom
of trade and of low tariff rates. No attempt
was made to use tariff preferences or import
restrictions to give preference to the products
of the member country. But the loss of Japan
trade during the depression, and the threat
of Japanese commercial predominance in the
Far East Indies, induced the authorities
to change their attitude.
At first, it was noted that in no case
in tariff rates - reduced in any case by the

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meet the situation. Until 1931 the tariff rate on cotton and rayon piece goods was 10 per cent ad valorem. In 1931 and 1932 the rate was increased by a series of surcharges to total duties ranging from 12 to 15 per cent. In 1933 the basic duties were revised; but in order to prevent an increase in the prices of the cheap goods bought by the poorest natives, the duty on the cheaper and plainer classes was reduced or stabilised at 12 per cent while that on the dearer and finer qualities was increased to 20 per cent. In addition a surcharge equal to 50 per cent of the duty imposed on all cotton and rayon imports, except grey and bleached cotton piece goods, on which the surcharge was 20 per cent of the duty. The duty on cotton and rayon yarns, other than undyed weaving yarns which are admitted free in order to benefit the local weaving industry, varies from 15 to 20 per cent ad valorem according to class. There is no tariff preference for imports from Holland. Table 6 shows the present rates of duty on cotton and rayon manufactures.

The new duties failed to check the increase of Japanese imports; indeed, the low duties on the cheapest goods were an obvious advantage to Japan. At the end of 1933,

most the situation. Until 1981 the tariff
was on cotton and rayon piece goods was 10
per cent ad valorem. In 1981 and 1982 the
rate was increased by a series of surcharges
to total duties ranging from 15 to 18 per cent.
In 1983 the basic duties were revised; but
in order to prevent an increase in the prices
of the cheap goods bought by the poorest
natives, the duty on the cheaper and lighter
classes was reduced or stabilised at 15
per cent while that on the heavier and finer
qualities was increased to 20 per cent. In
addition a surcharge equal to 20 per cent of
the duty imposed on all cotton and rayon
piece goods, on which the surcharge was 20
per cent of the duty. The duty on cotton and
rayon yarns, other than unspun weaving yarns
which are admitted free in order to benefit
the local weaving industry, varies from 15
to 20 per cent ad valorem according to class.
There is no tariff preference for imports
from Holland. Table 6 shows the present rates
of duty on cotton and rayon manufactures.
The new duties failed to meet the in-
crease of Japanese imports; indeed, the low
duties on the cheapest goods were an obvious
advantage to Japan. At the end of 1983,

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therefore, the Government took powers to restrict imports by means of quotas, and during 1934 and 1935, after abortive negotiations with Japan, a system of quotas, now covering all classes of cotton and rayon goods, was imposed. In nearly all cases, a portion of the quota, approximately equivalent to her share of the trade in the basic period, was reserved to Holland.

In addition to the quota restrictions a system of import licenses has been established since early 1934. The primary object of these licenses is to maintain the position of European traders in the Dutch East Indies market, to check the development of Japanese importers, and also to prevent direct importing by native dealers."

EXHIBIT 392: Markets for cotton and rayon goods, the Dutch East Indies, April 1936.

MR. KELLOCK: Q. Then here is a reference from the Manchester Guardian? A. Yes, from the Manchester Guardian, March 30th, 1936, "Cottons from Japan - Increase in Imports."

"A remarkable increase in the imports into the United Kingdom of grey unbleached cotton piece goods consigned from Japan (including Formosa) during the past three years is disclosed by Mr. Runciman, President

these facts, the Government took powers to

repealed reports by means of quotas, and

during 1944 and 1945, after various restric-

tions were imposed, a system of quotas was

operating which allowed a certain number of

persons, was imposed. In 1947, all quotas

on the number of the quota, approximately equivalent

to the number of the quota in the basic period,

was reserved to the quota.

In addition to the quota restrictions on

the number of persons who had been established

in the early 1940s, the quota system of

licenses is to maintain the position of

foreigners in the labor market in

order to ensure the development of Japanese

industry, and also to prevent foreign

workers from being employed.

1947-1950: License for cotton and

in the 1940s, the quota

and the quota system

from the quota system

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of the Board of Trade, in a written reply to Sir Percy Harris. It is generally understood that the goods are sent here to be finished, and that many of them are re-exported. Mr. Runciman's figures are:

| <u>Year</u> | <u>Square Yards</u> |
|-------------|---------------------|
| 1931 | 59,171 |
| 1932 | None |
| 1933 | 124,647 |
| 1934 | 853,624 |
| 1935 | 8,061,698 |

EXHIBIT 393: Clipping from Manchester Guardian, March 30th, 1936, Cottons from Japan.

Q. This is a reference to New Zealand, and it is from the Montreal Star of April 2nd, 1936. The Dispatch is from Auckland? A. This is from the Montreal Star. It is a review of the imports into New Zealand of Japanese textiles:

"New Zealand clothing manufacturers are becoming very concerned about the influx of Japanese Textiles, especially cotton and rayon, of grades suitable for the manufacture of garments for the New Zealand market.

Hitherto they have used British fabric almost exclusively, but now they are being offered, for example, Japanese shirtings

of the Board of Trade, in a written reply
 to the inquiry as to whether it is generally under-
 stood that the goods are sent here to be
 finished, and that many of these goods
 exported. Mr. Munroe's figures are:

| Year | Value |
|------|-------------|
| 1931 | \$2,171 |
| 1932 | |
| 1933 | 1,447 |
| 1934 | \$2,224 |
| 1935 | \$2,041,428 |

Source: U.S. Bureau of Census
 Census Bureau, 1936, Commerce
 from Japan.

3. This is a reference to New Zealand, and it
 is from the material that of April and, 1936. The
 dispatch is from Auckland.
 4. This is
 The New Zealand Textile Industry, 1936, p. 12.
 The New Zealand Textile Industry, 1936, p. 12.

"New Zealand clothing manufacturers
 are becoming very concerned about the influx
 of Japanese textiles, especially cotton and
 rayon, of which Australia has the main
 feature of the market for the New Zealand
 market."

Altogether they have used much more fabric
 almost exclusively, and now they are using
 almost exclusively, the same materials.

which they say are indistinguishable from some of the products of Lancashire and at very much lower prices.

5 They want to keep on 'buying British,' but fear that the pressure of local competition will compel them to become customers of Japan.

By 1935 total imports from Japan rose from \$2,548,500.00 in 1932 to \$4,923,500.00."

10 Q. Have you been able to obtain some information as to price level of Japanese textile prices?

A. Yes, some information on the general level of Japanese textile prices is contained in various Japanese government documents. We have some reports.

Q. As compared with that in other countries?

A. Not in any detail.

20 Q. EXHIBIT 394: Clipping from Montreal Star, April 2nd, 1936, "Cottons from Japan found Invading New Zealand."

A. I am showing you this table which will be Exhibit 395. I see you have taken it from the

25 Textile Organon?

A. Yes. "Reported present cost of Rayon Yarn Production in Five Leading Countries."

(Page 6245 follows)

which they are interested in from
the point of view of the industry and of
the general public.

They want to keep on 'doing business',
but fear that the pressure of local competi-
tion will compel them to become customers of
Japan.

My 1935 total imports from Japan rose
from \$1,343,200.00 in 1934 to \$4,123,500.00.

Q. Have you been able to obtain some infor-

mation as to price level of Japanese textile prices?

A. Yes, some information on the general level of

Japanese textile prices is contained in various

Japanese statistical publications. We have some re-

ports.

Q. Are concerned with that in other countries?

A. Not in any detail.

EXHIBIT 394: Clipping from Montreal
Star, April 2nd, 1936,

"Cottons from Japan
found invading New
Zealand."

Q. I am showing you this table which will be

Exhibit 395. I see you have taken it from the

textile industry.

Q. Yes. "Reported
present cost of rayon yarn production in the

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Berry

BY THE COMMISSIONER: Q. The Organon is a yearly publication? A. The pages are numbered on an annual basis.

Q. And this is page ? A. Page 61, my lord.

Q. And what does the table show? A. It shows the reported present cost of rayon yarn production in five leading countries. I might state, my lord, that the original source of this table is the report of the Japan Cellulose Industry Reporters Limited, January, 1935, so that these figures were apparently prepared in Japan. The comparative cost of rayon yarn in five countries is stated to be as follows:

UNITED STATES 44.5 cents

Great Britain, 38.4 "

Germany, 33.4 "

Italy, 23.0 "

Japan, 16.2 "

THE COMMISSIONER: Mr. McKuer, perhaps this is the missing link - the cost of production?

MR. MCKUER: Yes. If we could get this journal to come over and assist us in Canada on the cost of production, it would relieve us of a great deal of worry.

MR. KELLOCK: We would like nothing better, my lord, but I don't know how that is possible.

EXHIBIT 395: Table showing reported present cost of rayon yarn production in five leading countries.

BY MR. KELLOCK: Q. Mr. Berry, you have prepared another table here, which will be Exhibit 396. I have no extra copies of this. Will you tell his Lordship what that is?

5 BY THE COMMISSIONER: Q. Just a minute before you go on. In connection with this cost of production, do you say that these figures are taken from the report of the Japan Cellulose Industry Reporters?

A. Yes, my lord.

10 Q. Of January, 1935? A. Yes, my lord.

Q. Is that a Japanese publication? A. Yes, my lord.

This is the original of that extract, my lord.

Q. What you hand me is the Textile Organon, an American publication? A. Yes, my lord, and those figures are noted as having been reprinted from the Japan Cellulose Industry Reporters, Limited.

15 BY MR. McRUER: Q. It is an American concern?

A. No, the original is written in Japanese, Mr. McRuere?

20 BY THE COMMISSIONER: Q. Who are the Japan Cellulose

Industry Reporters? A. To the best of my

information, my lord, they are an association dealing with statistics regarding the pulp and paper and rayon industries in Japan.

25 Q. Where is this association located? A. It is located in Japan, my lord.

BY MR. KELLOCK: Q. Is it a Japanese organization?

30 A. It is a Japanese organization, yes. They issue periodical reports, of which we have no copies at the

another table here, which will be Exhibit 288. I

have no other copies of this. Will you tell his Lord-

ship what that is?

BY THE COMMISSIONER: Q. Just a minute before you

so on. In connection with this cost of production,

do you say that these figures are taken from the

report of the Japan Cotton Industry Association?

A. Yes, my Lord.

Q. Of January, 1935. A. Yes, my Lord.

Q. Is that a Japanese publication? A. Yes, my

This is the original of that extract, my Lord.

Q. What you hand me is the Seattle Oregon, an

American publication? A. Yes, my Lord, and those

figures are noted as having been reprinted from the

Japan Cotton Industry Association, Limited.

BY MR. MORRIS: Q. It is an American company

A. No, the original is written in Japanese, Mr. Morris.

BY THE COMMISSIONER: Q. Who are the Japan Cotton

Industry Association? A. To the best of my

information, my Lord, they are an association dealing

with statistics regarding the pulp and paper and rayon

industries in Japan.

Q. Where is this association located? A. It is

located in Japan, my Lord.

BY MR. MORRIS: Q. Is it a Japanese organization?

A. It is a Japanese organization, yes. They issue

periodical reports, and they have no copies at the

present time, but a typical copy may possibly be obtained.

MR. McRUER: The Textile Institute of Japan.

5 THE WITNESS: It deals with the Cellulose industry, Mr. McRuer.

. Well, maybe it is a silk industry? A. No, it is the Cellulose association.

10 THE COMMISSIONER: It says so, the Cellulose Industry.

BY MR. KELLOCK: Q. Is there anything you wish to add to that, Mr. Berry? A. No,

15 Q. Well then, you were going to tell his Lordship of this next exhibit? A. Table of Rayon Exports. I beg your pardon, my lord. This Exhibit has already been filed.

MR. Mcruer: Exhibit 349.

20 THE WITNESS: Yes, I would like to refer to it in regard to prices, my lord.

BY THE COMMISSIONER: Q. It is a table of exports from Japan? A. Yes, my lord.

Q. Now, this is something that refers to the same exhibit, does it? A. Yes, my lord.

25 Q. What is the heading of it? A. It is headed "Exports of Rayon textiles and Rayon Yarn from Japan by Countries."

THE COMMISSIONER: Is this another exhibit?

30 THE WITNESS: This was filed as 349, my lord.

Q. You are not filing this? A. No, my lord.

Henry

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present time, but a typical copy may possibly be

MR. HENRY: The Textile Institute of Japan.

THE WITNESS: It deals with the Cellulose industry.

A. No, well, maybe it is a silk industry?

It is the Cellulose association.

THE COMMISSIONER: It says so, the Cellulose

Y. MR. HENRY: Is there anything you wish to

add to that, Mr. Henry?

A. Well then, you were going to tell his lordship

of this next exhibit? A. Table of rayon in 1920.

I beg your pardon, my lord. This exhibit has already

been filed.

THE WITNESS: Yes, I would like to refer to it

in regard to prices, my lord.

BY THE COMMISSIONER: A. It is a table of exports

from Japan? A. Yes, my lord.

A. Now, this is something that refers to the same

exhibit, does it? A. Yes, my lord.

A. What is the meaning of it? A. It is

headed "Exports of rayon textiles and rayon from

Japan by Countries."

THE COMMISSIONER: Is this another exhibit?

A. Yes, my lord.

A. Yes, my lord.

This table, in addition to the export figures which were previously referred to, shows the average value of Japanese rayon exports in yen and in cents.

The average value of rayon textiles exported from Japan, in 1931, was 13.9 per square yard.

BY THE COMMISSIONER: Q. Where do you get that?

A. It is the second last line, my lord.

Q. The second last column? A. The second last line, my lord, across, from the bottom.

Q. Oh yes, I see. A. 1931 it was 13.9; 1932, 6.77, 1933, 7.63, 1934, 9.76,

BY MR. McRUER: Q. Is this yarn? A. That is piece goods, Mr. McRuer, and the average value of rayon yarn exported in 1934 was 29.8 cents per pound.

BY MR. KELLOCK: Q. What exchange rate have you put there? A. The average annual exchange; it is given on the same table.

BY MR. McRUER: Q. Apparently the price has gone up in Japan? A. You can tell whether it has or not.

MR. McRUER: It has gone up every year.

MR. KELLOCK: No.

MR. McRUER: Well, it has gone up every year from 1932. It has gone up from 0.241 to 0.328.

MR. KELLOCK: Yes, it has gone up slightly.

THE COMMISSIONER: Or the yen has gone down.

MR. McRUER: The yen has gone down, yes; and the yen has gone up again lately.

BY THE COMMISSIONER: Q. Does this show the fixed

This table, in addition to the export figures which were previously referred to, shows the average value of Japanese rayon exports in yen and in cents.

The average value of rayon families exported from

Japan, in 1931, was 13.9 per square yard.

BY THE COMMISSIONER: Q. Where do you get that?

A. It is the second last line, my lord.

Q. The second last column? A. The second last

line, my lord, across, from the bottom.

Q. Oh yes, I see. A. 1931 it was 13.9.

1932, 13.9; 1933, 13.9; 1934, 13.9.

BY MR. McNEIL: Q. Is this yarn?

A. Yes, my lord, and the average value of rayon yarn exported in 1934 was 13.9 cents per pound.

BY MR. KILLICK: Q. And exchange rate have

you put there? A. The average annual exchange;

it is given on the same table.

BY MR. McNEIL: Q. Apparently the rice has gone

up in Japan? A. You can tell whether it has

or not.

MR. McNEIL: It has gone up every year.

MR. McNEIL: Well, it has gone up every year from

1932. It has gone up from 0.241 to 0.258.

MR. KILLICK: Yes, it has gone up slightly.

COMMISSIONER: Or the yen has gone down.

MR. McNEIL: The yen has gone down, yes; and the

yen has gone up every year.

value? A. No, that is the average annual value between the exchange rates.

Q. Well then, the yen has gone up with respect to the dollar. In 1933, it was 25.65, and in 1934

29.72; no, it has gone down? A. It has gone down my lord.

Q. It has gone down, yes. A. Yes, my lord.

BY MR. KELLOCK: Q. You want to say something about a document which you now hold in your hand?

THE COMMISSIONER: Is this another exhibit?

A. Yes, my lord.

THE COMMISSIONER: That will be Exhibit 396.

EXHIBIT 396: Article reprinted by Manchester Guardian March 30th, 1936, re Japanese Rayon yarns and cloth prices.

THE WITNESS: This is an article reprinted from the Manchester Guardian, March 30th, 1936, from the Japan Times, which show that the average prices of Japanese rayon exports at (29 cents to the yen) January, 1936, were:

Yarn..... 19.23¢ per pound,

Fabrics, ... 8.3¢ per square yard.

BY MR. McRUER: Q. Yarn? A. 19.3 cents per pound. Fabrics 8.3¢ per square yard.

BY MR. Kellock: That is the price? A. Average price for January, 1936.

BY MR. McRUER: Q. At 29 cents? A. At 29 cents.

BY MR. KELLOCK: Q. At any particular place? A. These are taken from export records in Japan.

Q. Now, that is the average annual value
between the exchange rates.
A. Well then, the yen was gone up with respect to
the dollar. In 1935, it was 100, and in 1936
89.75; no, it has gone down.
A. It has gone down, yes. A. Yes, my lord.
BY MR. KELLOCK: A. You want to say something about
a document which you now hold in your hands?
THE COMMISSIONER: Is this another exhibit?
THE COMMISSIONER: That will be Exhibit 316.
EXHIBIT 316
Canadian March 20th, 1936.
The Japanese rayon yarns and
their prices.
The records: This is an article reprinted from
the Manchester Guardian, March 20th, 1936, from the
Japan Times, which show that the average prices
of Japanese rayon exports at 25 cents to the yen
January, 1936, were:
Yarns... 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100, 110, 120, 130, 140, 150, 160, 170, 180, 190, 200, 210, 220, 230, 240, 250, 260, 270, 280, 290, 300, 310, 320, 330, 340, 350, 360, 370, 380, 390, 400, 410, 420, 430, 440, 450, 460, 470, 480, 490, 500, 510, 520, 530, 540, 550, 560, 570, 580, 590, 600, 610, 620, 630, 640, 650, 660, 670, 680, 690, 700, 710, 720, 730, 740, 750, 760, 770, 780, 790, 800, 810, 820, 830, 840, 850, 860, 870, 880, 890, 900, 910, 920, 930, 940, 950, 960, 970, 980, 990, 1000, 1010, 1020, 1030, 1040, 1050, 1060, 1070, 1080, 1090, 1100, 1110, 1120, 1130, 1140, 1150, 1160, 1170, 1180, 1190, 1200, 1210, 1220, 1230, 1240, 1250, 1260, 1270, 1280, 1290, 1300, 1310, 1320, 1330, 1340, 1350, 1360, 1370, 1380, 1390, 1400, 1410, 1420, 1430, 1440, 1450, 1460, 1470, 1480, 1490, 1500, 1510, 1520, 1530, 1540, 1550, 1560, 1570, 1580, 1590, 1600, 1610, 1620, 1630, 1640, 1650, 1660, 1670, 1680, 1690, 1700, 1710, 1720, 1730, 1740, 1750, 1760, 1770, 1780, 1790, 1800, 1810, 1820, 1830, 1840, 1850, 1860, 1870, 1880, 1890, 1900, 1910, 1920, 1930, 1940, 1950, 1960, 1970, 1980, 1990, 2000, 2010, 2020, 2030, 2040, 2050, 2060, 2070, 2080, 2090, 2100, 2110, 2120, 2130, 2140, 2150, 2160, 2170, 2180, 2190, 2200, 2210, 2220, 2230, 2240, 2250, 2260, 2270, 2280, 2290, 2300, 2310, 2320, 2330, 2340, 2350, 2360, 2370, 2380, 2390, 2400, 2410, 2420, 2430, 2440, 2450, 2460, 2470, 2480, 2490, 2500, 2510, 2520, 2530, 2540, 2550, 2560, 2570, 2580, 2590, 2600, 2610, 2620, 2630, 2640, 2650, 2660, 2670, 2680, 2690, 2700, 2710, 2720, 2730, 2740, 2750, 2760, 2770, 2780, 2790, 2800, 2810, 2820, 2830, 2840, 2850, 2860, 2870, 2880, 2890, 2900, 2910, 2920, 2930, 2940, 2950, 2960, 2970, 2980, 2990, 3000, 3010, 3020, 3030, 3040, 3050, 3060, 3070, 3080, 3090, 3100, 3110, 3120, 3130, 3140, 3150, 3160, 3170, 3180, 3190, 3200, 3210, 3220, 3230, 3240, 3250, 3260, 3270, 3280, 3290, 3300, 3310, 3320, 3330, 3340, 3350, 3360, 3370, 3380, 3390, 3400, 3410, 3420, 3430, 3440, 3450, 3460, 3470, 3480, 3490, 3500, 3510, 3520, 3530, 3540, 3550, 3560, 3570, 3580, 3590, 3600, 3610, 3620, 3630, 3640, 3650, 3660, 3670, 3680, 3690, 3700, 3710, 3720, 3730, 3740, 3750, 3760, 3770, 3780, 3790, 3800, 3810, 3820, 3830, 3840, 3850, 3860, 3870, 3880, 3890, 3900, 3910, 3920, 3930, 3940, 3950, 3960, 3970, 3980, 3990, 4000, 4010, 4020, 4030, 4040, 4050, 4060, 4070, 4080, 4090, 4100, 4110, 4120, 4130, 4140, 4150, 4160, 4170, 4180, 4190, 4200, 4210, 4220, 4230, 4240, 4250, 4260, 4270, 4280, 4290, 4300, 4310, 4320, 4330, 4340, 4350, 4360, 4370, 4380, 4390, 4400, 4410, 4420, 4430, 4440, 4450, 4460, 4470, 4480, 4490, 4500, 4510, 4520, 4530, 4540, 4550, 4560, 4570, 4580, 4590, 4600, 4610, 4620, 4630, 4640, 4650, 4660, 4670, 4680, 4690, 4700, 4710, 4720, 4730, 4740, 4750, 4760, 4770, 4780, 4790, 4800, 4810, 4820, 4830, 4840, 4850, 4860, 4870, 4880, 4890, 4900, 4910, 4920, 4930, 4940, 4950, 4960, 4970, 4980, 4990, 5000, 5010, 5020, 5030, 5040, 5050, 5060, 5070, 5080, 5090, 5100, 5110, 5120, 5130, 5140, 5150, 5160, 5170, 5180, 5190, 5200, 5210, 5220, 5230, 5240, 5250, 5260, 5270, 5280, 5290, 5300, 5310, 5320, 5330, 5340, 5350, 5360, 5370, 5380, 5390, 5400, 5410, 5420, 5430, 5440, 5450, 5460, 5470, 5480, 5490, 5500, 5510, 5520, 5530, 5540, 5550, 5560, 5570, 5580, 5590, 5600, 5610, 5620, 5630, 5640, 5650, 5660, 5670, 5680, 5690, 5700, 5710, 5720, 5730, 5740, 5750, 5760, 5770, 5780, 5790, 5800, 5810, 5820, 5830, 5840, 5850, 5860, 5870, 5880, 5890, 5900, 5910, 5920, 5930, 5940, 5950, 5960, 5970, 5980, 5990, 6000, 6010, 6020, 6030, 6040, 6050, 6060, 6070, 6080, 6090, 6100, 6110, 6120, 6130, 6140, 6150, 6160, 6170, 6180, 6190, 6200, 6210, 6220, 6230, 6240, 6250, 6260, 6270, 6280, 6290, 6300, 6310, 6320, 6330, 6340, 6350, 6360, 6370, 6380, 6390, 6400, 6410, 6420, 6430, 6440, 6450, 6460, 6470, 6480, 6490, 6500, 6510, 6520, 6530, 6540, 6550, 6560, 6570, 6580, 6590, 6600, 6610, 6620, 6630, 6640, 6650, 6660, 6670, 6680, 6690, 6700, 6710, 6720, 6730, 6740, 6750, 6760, 6770, 6780, 6790, 6800, 6810, 6820, 6830, 6840, 6850, 6860, 6870, 6880, 6890, 6900, 6910, 6920, 6930, 6940, 6950, 6960, 6970, 6980, 6990, 7000, 7010, 7020, 7030, 7040, 7050, 7060, 7070, 7080, 7090, 7100, 7110, 7120, 7130, 7140, 7150, 7160, 7170, 7180, 7190, 7200, 7210, 7220, 7230, 7240, 7250, 7260, 7270, 7280, 7290, 7300, 7310, 7320, 7330, 7340, 7350, 7360, 7370, 7380, 7390, 7400, 7410, 7420, 7430, 7440, 7450, 7460, 7470, 7480, 7490, 7500, 7510, 7520, 7530, 7540, 7550, 7560, 7570, 7580, 7590, 7600, 7610, 7620, 7630, 7640, 7650, 7660, 7670, 7680, 7690, 7700, 7710, 7720, 7730, 7740, 7750, 7760, 7770, 7780, 7790, 7800, 7810, 7820, 7830, 7840, 7850, 7860, 7870, 7880, 7890, 7900, 7910, 7920, 7930, 7940, 7950, 7960, 7970, 7980, 7990, 8000, 8010, 8020, 8030, 8040, 8050, 8060, 8070, 8080, 8090, 8100, 8110, 8120, 8130, 8140, 8150, 8160, 8170, 8180, 8190, 8200, 8210, 8220, 8230, 8240, 8250, 8260, 8270, 8280, 8290, 8300, 8310, 8320, 8330, 8340, 8350, 8360, 8370, 8380, 8390, 8400, 8410, 8420, 8430, 8440, 8450, 8460, 8470, 8480, 8490, 8500, 8510, 8520, 8530, 8540, 8550, 8560, 8570, 8580, 8590, 8600, 8610, 8620, 8630, 8640, 8650, 8660, 8670, 8680, 8690, 8700, 8710, 8720, 8730, 8740, 8750, 8760, 8770, 8780, 8790, 8800, 8810, 8820, 8830, 8840, 8850, 8860, 8870, 8880, 8890, 8900, 8910, 8920, 8930, 8940, 8950, 8960, 8970, 8980, 8990, 9000, 9010, 9020, 9030, 9040, 9050, 9060, 9070, 9080, 9090, 9100, 9110, 9120, 9130, 9140, 9150, 9160, 9170, 9180, 9190, 9200, 9210, 9220, 9230, 9240, 9250, 9260, 9270, 9280, 9290, 9300, 9310, 9320, 9330, 9340, 9350, 9360, 9370, 9380, 9390, 9400, 9410, 9420, 9430, 9440, 9450, 9460, 9470, 9480, 9490, 9500, 9510, 9520, 9530, 9540, 9550, 9560, 9570, 9580, 9590, 9600, 9610, 9620, 9630, 9640, 9650, 9660, 9670, 9680, 9690, 9700, 9710, 9720, 9730, 9740, 9750, 9760, 9770, 9780, 9790, 9800, 9810, 9820, 9830, 9840, 9850, 9860, 9870, 9880, 9890, 9900, 9910, 9920, 9930, 9940, 9950, 9960, 9970, 9980, 9990, 10000.
A. These are taken from export records in Japan.
BY MR. KELLOCK: A. Is any particular place?
A. At 25 cents.
BY MR. KELLOCK: A. At 25 cents?
A. Yes, my lord.
BY MR. KELLOCK: A. Is any particular place?
A. These are taken from export records in Japan.

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BY THE COMMISSIONER: Q. No, but the price at any particular place, you mean before it leaves Japan?

A. Export price.

5 BY MR. KELLOCK: Q. Then I am showing you that will be the next Exhibit, Mr. Berry, a table of exports of Japanese rayon textiles by cloth type.

THE COMMISSIONER: That will be Exhibit 397.

EXHIBIT 397: Table showing exports of Japanese rayon textiles.

10 BY MR. KELLOCK: Q. What does that show?

A. This gives some further indication of the level of average export price of Japanese fabrics which were shown to be 9.52 cents per square yard in 1934 and 8.77 cents per square yard in 1935. This statement is classified according to the various types of fabrics exported from Japan, and in each case the drop in the average value is indicated from 1934 to 1935.

15 BY MR. McRUER: Q. Is that on account of the depreciation of the Yen? These are dollar values and not yen values. A. Those values are yen values.

20 BY MR. KELLOCK: Q. And the exchange rate you used in each case is what? A. 29 cents.

25 BY MR. McRUER: Q. In each case for each year? A. Yes, sir.

BY MR. KELLOCK: Q. Then, if I might just say so, this is taken from what? A. The Daily News Record, New York, of September 27th, 1935.

30 THE COMMISSIONER: Is this another Exhibit?

MR. KELLOCK: Yes, my lord.

Barry

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at the same time, it is, and the price at

any particular place, you mean before it leaves Japan

1. Market prices.

BY MR. BARRETT: Yes, then I am showing you what

will be the same market, and, really, a whole lot more

of Japanese rayon textiles by cloth type.

and market prices, and will be the same

market prices, and will be the same
rayon textiles.

BY MR. BARRETT: And does that show?

2. This gives some further indication of the level

of average export price of Japanese fabrics which were

shown to be 9.22 cents per square yard in 1924 and

8.77 cents per square yard in 1925. This statement

is classified according to the various types of fabric

exported from Japan, and in each case the group is the

average value is indicated from 1924 to 1925.

BY MR. BARRETT: Is that the same as the

classification of the year? These are dollar values

and not yen values. 3. These values are yen values

and not dollar values. 4. These values are yen values

used in each case is what?

BY MR. BARRETT: Yes, that is the same as the

1. Yes, sir.

BY MR. BARRETT: Then, if I am not just saying

this is taken from what?

BY MR. BARRETT: Yes, that is the same as the

and market prices, and will be the same

and market prices, and will be the same

THE COMMISSIONER: That will be Exhibit 398.

EXHIBIT 398: Extract from Daily News Record,
New York, showing low labour
costs re Japan Rayon Producers.

THE COMMISSIONER: What is it from, Mr. Kellock?

5 MR. KELLOCK: From the Daily News Record, my lord,
of September 27th, 1935.

Q. Now, will you deal with this Exhibit, Mr. Berry?

10 A. We have filed a statement concerning the cost
of producing rayon yarn in Japan, and a statement
concerning the average export price of rayon yarn
from Japan. This statement deals with the profits
of some of the Japanese Rayon Manufacturers, and shows--

15 BY THE COMMISSIONER: Q. You got those costs,
though from the British Textile Reporter? A. I beg
pardon, my lord?

20 Q. I say, that the figures are taken from the
British Textile Reporter? A. Yes, my lord.
According to this statement, my lord, the profits
for the first half of 1935 are reported at those
corresponding rates for the six largest producing
firms.

25 BY MR. MORUER: Q. In Japan? A. Yes, in Japan,
and the average profits since 1932 of the five leading
firms are also tabulated.

30 Q. You have not got the same information for
Canada, have you? A. Well, in the Price Spreads
Commission.

MR. KELLOCK: That speaks for itself.

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THE COMMISSIONER: That will be Exhibit 27.

EXHIBIT 27: This is a copy of a letter from New York, showing low Japanese costs re Japan rayon products.

THE COMMISSIONER: That is from Mr. Kellogg?

MR. KELLOGG: From the daily news around my home.

THE COMMISSIONER: Yes.

Q. Now, will you deal with this exhibit, Mr. Kellogg?

A. We have filed a statement concerning the cost of producing rayon yarn in Japan, and a statement concerning the average export price of rayon yarn from Japan. This statement deals with the profits

of some of the Japanese Rayon Manufacturers, and shows

BY THE COMMISSIONER: Q. You got those costs,

from the daily news around your home?

Answer, my friend?

A. I say, that the figures are taken from the

daily news around my home.

THE COMMISSIONER: Q. Now, the figures

for the first half of 1933 are reported at those

corresponding rates for the six largest producing

firms.

BY MR. KELLOGG: A. Yes, in 1933.

and the average profit since 1933 of the five leading

firms are also tabulated.

A. You have not got too much information for

Canada, have you?

Commissioner.

MR. KELLOGG: That is all, thank you.

Q. Mr. Berry, while on this question of prices,
I am showing you this document. What is this?

THE COMMISSIONER: Is this another exhibit?

MR. KELLOCK: Yes, my lord.

THE COMMISSIONER: That will be Exhibit 399.

EXHIBIT 399: Extract from the Monthly Paper of
Mitsubishi Economic Research Bureau.

THE WITNESS: This is an extract from the
Monthly Circular of the Mitsubishi Economic Research
Bureau.

BY MR. KELLOCK: Q. What is that, Mr. Berry?

A. That, as I understand it, is an independent bureau
operated by the Mitsubishi concern in Japan for the
collection and compilation of all sorts of economic
and trade statistics relating to Japan.

Q. And what does it show? A. This is a quotation
from page 4, of the March, 1936 issue. This concerns,
my lord, the present price of rayon yarns in Japan
as shown by quotations on the rayon exchange in Japan.
The statements says:

"Rayon: Quotations continued to decline
although there were signs of stabilization.

The price decline extended to better yarn,
such as multi-filament which had previously

been out of line in the recession. The
threatening overproduction renders it

probable that measures to cope with the
situation must be devised by the Rayon Manufacturers'
Association.

... Mr. ... while on this question of prices,
I am showing you this document. That is what
... in this another exhibit
... my lord.
... that will be Exhibit 100.

... This is an extract from the
...
...
...

... as I understand it, is an independent bureau
operated by the Mitsubishi concern in Japan for the
collection and compilation of all sorts of economic
and trade statistics relating to Japan.

... and what does it show?
... This is a quotation
from page 4, of the report, 1936 issue. This concerns
my lord, the present price of rayon yarns in Japan
as shown by quotations on the rayon exchange in Japan.
The statements are:

...
... although there were signs of stabilization.
The price decline extended to better yarn.
...
... been out of line in the recession. The
threatening overproduction remains is
probable that measures to cope with the

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Then the figures it quotes are for January, 1935,
December, 1935, and January 1936. And it gives the
figures of the price per case of denier, standard
rayon yarn traded on the Rayon Exchange, which is
120 denier and 100 lbs per case. The price per case
in January, 1933, was 26.46 yen;

In December, 1935, it was 56.93 yen; and in
January, 1936, it was 55.63 yen.

Those figures, converted into cents per pound,
at the approximate current rate of exchange of 29 cents
are:

January, 1935, 35 cents a pound,

December, " 16 $\frac{1}{2}$ " "

January, 1936, 16.13 " "

That is a drop in a year from 35.07 a pound to 16.13
a pound for the standard rayon yarns on the Japanese
Rayon Exchange.

This statement also gives the production, the
actual production of rayon yarn in Japan for those
three periods:-

January, 1935, 13,000,000 pounds,

December, 1935, 18,600,000 "

January, 1936, 18,700,000 "

The last statement gives the export of rayon tissues,
in yards. The export in rayon tissues, in January, 1935,
was 9,478,000 yards.

In December, 1935, it was 10,900,000 yards.

In January, 1936, it was 8,618,000 yards.

Then the figures it quotes are for January, 1935, December, 1935, and January 1936. And it gives the figures of the price per case of denim, standard rayon yarn traded on the Tokyo Exchange, which is 100 denim and 10 lbs per case. The price per case in January, 1935, was 55.40 yen; in December, 1935, it was 56.90 yen; and in January, 1936, it was 56.88 yen.

Those figures, converted into cents per pound, at the approximate current rate of exchange of 33 yen are:

| | |
|----------------|------|
| January, 1935 | 1.71 |
| December, 1935 | 1.72 |
| January, 1936 | 1.72 |

That is a drop in a year from 55.07 a pound to 18.13 a pound for the standard rayon yarn on the Japanese rayon exchange.

This statement also gives the production, the actual production of rayon from 1934 to 1935.

| | |
|----------------|-------------------|
| January, 1935 | 18,000,000 pounds |
| December, 1935 | 18,000,000 " |
| January, 1936 | 18,000,000 " |

The last statement gives the export of rayon from Japan. The export of rayon from Japan in January, 1935, was 4,475,000 pounds.

In December, 1935, it was 10,000,000 pounds. In January, 1936, it was 10,000,000 pounds.

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. Then, Mr. Berry, you have given his Lordship information as to prices. Have you any information as to the quality of Japanese Rayon products?

5 A. We have a number of exhibits of Japanese rayon piece goods which have been sold in Australia during 1935. These exhibits are 32 in number of various qualities of rayon tissues. With regard to these exhibits, and to identify them, I should like to
10 read a letter written by Samuel Courtauld & Co. Limited, of London.

THE COMMISSIONER: That will be Exhibit 400.

MR. McRUER: Have you got a copy of the letter that was written to Courtaulds?

15 THE COMMISSIONER: Well, this is from the same company, is it, to themselves?

THE WITNESS: Yes, my lord.

. That is from the London office to the Toronto office? A. Yes, my lord.

20 . Well, have you a copy of the letter that that is in answer to? A. Unfortunately not, my lord.

MR. McRUER: It will be interesting to know the information that was asked for.

25 EXHIBIT 400: Letter from Samuel Courtauld & Company Limited, to Messrs Courtaulds (Canada) dated 11th February, 1936.

THE WITNESS: The letter, which is dated 11th February, 1936, reads:

30 "We notice that your letter refers in particular

.. Then, Mr. Barry, you have given his lordship information as to prices. Have you any information as to the quality of Japanese rayon products? A. I have a number of exhibits of Japanese rayon piece goods which have been sold in Australia during 1935. These exhibits are 32 in number of various qualities of rayon shirtings. With regard to these exhibits, and to identify them, I should like to read a letter written by General Comstock & Co. Limited, of London.

THE COMMISSIONER: That will be exhibit 400. Mr. McKinnon: Have you got a copy of the letter that was written to Comstock's? THE COMMISSIONER: Well, this is from the same company, is it, to themselves? THE COMMISSIONER: Yes, my lord. .. That is from the London Office to the Toronto Office. .. Yes, my lord. .. Well, have you a copy of the letter that that is in answer to? A. Unfortunately not, my lord. .. Well, it will be interesting to know the information that was asked for.

EXHIBIT A-1: Letter from General Comstock & Co. Limited, to Messrs Comstock's (Canada) dated 11th February, 1936.

THE COMMISSIONER: THE LATTER, WHICH IS EXHIBIT 400.

February, 1936, reads:

.. notice that your letter refers in particular

to 27" Japanese piece dyed all Rayon plain
taffeta. In the absence of any sizable pattern
showing these qualities we would point out
that owing to considerable overproduction of
taffetas by Japan, prices have been reduced
to absurdity as qualities were being landed
in Australia and New Zealand, during 1935
having paid all duties, primeage, commissions,
and freight, etc., at 3d. a yard in widths
varying from 28" to 36".

Naturally these qualities are not comparable
with British or Continental manufacture being
light in weight and very stripy, but on account
of the ridiculously low prices, command large
sales. The ultimate result being that
competition of the fiercest kind was created
by the Australian-making-up and over-counter
trades. This competition eventually drove
the prices of these taffetas down to such an
extent, that firms were actually retailing
regular goods at cost price."

It is not our opinion that fabrics of
this type and price give rise to alarm, as to
a very large extent, they only fulfill the
requirements of that section of the trade whose
outlet will always be for the cheapest, but
they do, however, by reason of the prices
on which they are sold tend to create a false

1935

1935

to 27" Japanese piece (Yed all never plain
 taffeta. In the absence of any visible loss in
 showing these qualities we could point out
 that owing to considerable overproduction of
 taffeta by Japan, there have been numerous
 to abundance of qualities were being landed
 in Australia and New Zealand, during 1935
 having paid all duties, premiums, commissions,
 and freight, etc., at 35. a yard in width
 varying from 25" to 35".

Generally these qualities are not comparable
 with British or Continental manufactures being
 light in weight and very silky, but on account
 of the ridiculously low prices, command large
 sales. The ultimate result being that
 competition of the finest kind was created
 by the Australian-making-up and over-counter
 trades. This competition eventually drove
 the prices of these taffetas down to such an
 extent, that there were actually retelling
 regular goods at cost price."

It is not our opinion that fabrics of
 this type and price give rise to alarm, as to
 very large extent, they only fulfill the
 requirements of that section of the trade whose
 interest will always be low and constant, and
 they do, however, by reason of the prices
 on which they are sold tend to create a false

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standard of values.

It is, however, in connection with the amazing strides made by Japan during the last two years towards the reproduction of fashion and/or novelty goods, that apprehension is felt, and in illustration of this would particularly call your attention to Matelasse effects, (reference cuttings attached) in this collection, the clarity and development of figure together with good finish generally being most noticeable.

These two qualities land in Australia at approximately $3/6$ per yard, the Japanese prices being approximately $1/9$ per yard."

BY THE COMMISSIONER: Q. Where he says, these two qualities landed in Australia at $3/6$ per yard, are these the Japanese goods delivered there?

A. Yes, my lord.

Q. Compared with a price in Japan of $1/9$?

A. Yes, my lord.

Q. I say that, because this seems to be a very big margin between the home price and the price at which it lands in Australia? A. Yes, my lord.

Q. How do you explain that, that is, if it is $1/9$ in Japan, why is it $3/6$ when it lands in Australia?

A. I have no information on that, My lord.

Q. Or is it rather some fictitious price put on it in Australia? A. It might possibly be more of an approximation of the Japanese rather than the Australian, my lord.

standard of values.

It is, however, in connection with the
existing studies made by Japan during the last
two years towards the reproduction of fiction
and/or novelty goods, that reproduction is held
and in illustration of this would particularly
call your attention to Matsushita estate,
(reference outlines attached) in this collection,

the clarity and development of figure together
with some other quality which may be mentioned.

These two qualities found in Australia

at approximately 3/6 per yard, the Japanese

price was approximately 1/6 per yard.

BY THE COMMISSIONER: There is no, there

two qualities landed in Australia at 3/6 per yard,

the price was approximately 1/6 per yard.

A. Yes, my lord.

Q. Compared with a price in Japan of 1/9?

A. Yes, my lord.

Q. I say that, because this seems to be a very

big margin between the home price and the price at

which it comes in Australia? A. Yes, my lord.

Q. Now do you explain what that is, it is in 1/9

in Japan, why is it 3/6 when it comes in Australia?

A. I have no information on that, my lord.

Q. Or is it rather some fictitious price put on

it in Australia? A. It might possibly be more

of an approximation of the Japanese rather than the

Australia, my lord.

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Q. This says that the Japanese article lands at 3/6 from the same article which at home sells for 1/9. I do not understand that, because, I say, that is charging the foreign market double what the home market is being charged? A. Very likely, my lord, the difference between those two prices is accounted for by the duties and freight charges between Japan and Australia.

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Q. That is what I say: If you add the duties and so on then I might understand, but it says those two qualities land in Australia at approximately 3/6 while the Japanese price is 1/9? A. I just that would include the duties.

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Q. That is, after it gets through the customs, and everything, and is put on the market at 3/6?

A. Yes, my lord.

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Q. You are only supposing that? A. I have no direct information on that.

BY MR. McRUER: And no information as to what the British goods of the same price were landed at?

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A. Not at all. These fabrics are entirely Japanese made, having been offered in Australia and sold in Australia.

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Q. Do they make or weave rayon fabrics in Australia? A. Yes, Mr. McRuier.

Q. Well then, we have not the Australian fabrics either.

BY THE COMMISSIONER: Q. This letter refers to only

This says that the Japanese article lands

at 3/8 from the same article which of home sells for

1/8. I do not understand that, because, I say,

that is charging the foreign market double what the

home market is being charged? A. Very likely,

my lord, the difference between those two prices is

accounted for by the duties and freight charges

between Japan and Australia.

Q. That is what I say: If you add the duties and

as on then I don't understand, but it says those two

prices land in Australia at approximately 3/6

while the Japanese price is 1/8? A. I just that

would include the duties.

Q. That is, after it gets through the duties, and

everything, and is put on the market at 3/8?

A. Yes, my lord.

Q. You are only supposing that? A. I have

no direct information on that.

BY MR. MONAGHAN: And no information as to what

the British goods of the same price were landed at?

A. Not at all. These fabrics are entirely Japanese

made, having been offered in Australia and sold in

Australia.

Q. Do they make or weave rayon fabrics in Australia?

A. Yes, my lord.

Q. Will you, my lord, say what the Japanese price

is?

AT THE COMMISSIONERS' OFFICE, THIS DAY OF 1900

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two of those exhibits? A. No, my lord. This refers to all of these exhibits, as noted in the second paragraph of this letter, which says:

"We note your remarks in paragraph 2, and appreciate all you say. We are sending under separate cover a range of Japanese fabrics which the writer obtained whilst in Australia last year."

Q. You did not read that awhile ago? A. No, my lord.

MR. KELLOCK: Q. I would like to ask you, Mr. Berry, in regard to his Lordship's question as to the use of the word "land" in the last paragraph of this letter. Do you know in what way the word "land" is used?

THE COMMISSIONER: I asked him that, Mr. Kellock?

MR. KELLOCK: Well, I am instructed, my lord, that my clients wrote to the Australian High Commissioner in regard to that, and that it does include just what your lordship has been given to understand.

MR. McRUE: Let us have the correspondence as to that; that is what I want to get, the correspondence.

MR. KELLOCK: That is not the correspondence I am referring to. I can probably get that for you.

THE COMMISSIONER: What is your authority?

MR. KELLOCK: I am instructed it is a letter to and a reply from the Australian High Commissioner.

THE COMMISSIONER: Well, Major Hallam is already a witness before us. Probably he can tell us.

MR. HALLAM: I merely asked the Australian Trade Commissioner what "landed" meant in Australia.

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two of those exhibits? A. No, my lord. This

refers to all of those exhibits, as noted in the report

paragraph of this report, which says:

"We have your report in connection with, and

the writer obtained notice in Australia last year.

Q. You did not read that article about

A. No, my lord.

Mr. MILLER: I would like to ask you, Mr.

Berry, in regard to his father's question as to the

use of the word "land" in the last paragraph of this

letter. Do you know in what way the word "land" is

used?

THE COURT: I asked him last, Mr. MILLER?

Mr. MILLER: Well, I am interested, my lord,

that my clients were to the Australian High Commission

in regard to that, and that it does include that

what your foreman has been given to understand.

Mr. MILLER: Let us have the correspondence as to

that; that is what I want to ask, the correspondence.

Mr. MILLER: That is not the correspondence

I am referring to. I am properly get that for you.

THE COURT: What is your authority?

Mr. MILLER: I am interested it is a letter to

and a reply from the Australian High Commission.

THE COURT: Well, what is the evidence

in relation to that? I am interested in that.

Mr. MILLER: I want to ask the witness

and he said "landed" meant duty-paid and all other charges.

5 MR. McRUER: This is not a letter from the Australian Trades Commissioner, it is a letter from London, England,

MR. KELLOCK: Well, that is all the information that we have in any event, my lord; but it would appear to be clear that it was used in some such manner as that.

10 Q. Well then, you were calling his lordship's attention rather to the second paragraph of the letter, which includes --

15 BY THE COMMISSIONER: Q. Yes. Well now, this letter, all those pieces you have there? A. Yes, my lord.

20 BY MR. McRUER: Q. Will you deal with this more fully? A. And these pieces are represented, or stated to be representative of the fabrics which are being sold by Japan in Australia. The particular fabrics referred to in the letter are numbered.

25 THE COMMISSIONER: Is there any particular reason why those pieces should be put in as separate exhibits, or would it just be as well to put them all in with this letter?

MR. KELLOCK: Unless they want to be referred to separately later, my lord.

30 THE COMMISSIONER: They could be marked A, B, C and so on.

and he said "faded" meant duty-free and all other

charges.

MR. MONTAGUE: This is not a letter from the

Australian Trade Commissioner, it is a letter from

MR. MONTAGUE: Well, that is all the information

that we have in any event, my lord; but it would appear
to be clear that it was used in some such manner as

that.

.. well then, you were calling his lordship's

attention rather to the second paragraph of the letter

which includes --

BY THE COURT: MONTAGUE: A. Yes. Well now, this letter

all those pieces you have named? A. Yes, my lord.

BY MR. MONTAGUE: .. did you deal with this more

fully? .. and these pieces are represented,

or stated to be representative of the fabrics which

are being sold by Japan in Australia. The

particular fabrics referred to in the letter are

unanswered.

THE COURT: In fact, my lord, the evidence is

why those pieces should be put in as separate exhibits

or would it just be as well to put them all in with

this letter?

MR. MONTAGUE: Unless they want to be referred

to separately, my lord.

THE COURT: That would be better, my lord.

and so on.

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Berry

MR. McRUER: Before we file them, my lord, it does not seem very clear to us what they are. At least, it is not clear to me at all what they are, who vouches for them as to where they came from.

THE COMMISSIONER: Mr. Berry has vouched for them as far back as he can.

Q. Where did you get them? A. They were handed to me by Courtaulds of Canada, my lord.

BY MR. McRUER: Q. Who of Courtaulds? A. Mr. Taylor.

Q. And where did he get them? A. He got them with that letter from Mr. S. Cassel Smith of Courtaulds, London. The letter reads:

"We are sending under separate cover a range of Japanese fabrics which the writer obtained whilst in Australia last year." Now, you said that they were said to be sold there?

THE COMMISSIONER: Pardon me, the price is not given except for two of them.

MR. McRUER: I do not even see a statement in the letter that they are being sold in Australia.

THE COMMISSIONER: It says those two.

THE WITNESS: The prices are given for two, my lord.

MR. McRUER: I know, but there is not a word in the letter that indicates any of the rest of them are being sold there. He says he got them in Australia, that is all.

THE COMMISSIONER: Unless you can couple the price

Q. Now, before we file them, my lord, it seems

not seem very clear to me what they are. At least,

it is not clear to me at all what they are, who vouches

for them as to where they came from.

THE COMMISSIONER: Mr. Henry has vouched for them

as far back as he can.

Q. Where did you get them? A. They were

handed to me by Comptroller of Customs, my lord.

BY MR. HENRY: A. Who of Comptroller? A. Mr.

Q. And where did he get them? A. He got them

with that letter from Mr. H. Cassel with of Comptroller

London. The letter reads:

"We are sending under separate cover a

range of Japanese articles which the writer obtained

whilst in Australia last year." Now, you said

that they were said to be sold there?

THE COMMISSIONER: Pardon me, the price is not

given except for two of them.

MR. HENRY: I do not even see a statement in the

letter that they are being sold in Australia.

THE COMMISSIONER: It says those two.

THE WITNESS: The prices are given for two, my lord.

MR. HENRY: I know, but there is not a word

in the letter that they are being sold in Australia.

are being sold there? He says he got them in

Australia, that is all.

THE COMMISSIONER: I am sorry you are unable to

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with the quality it is not of much use.

MR. KELLOCK: That will be done, I understand, by some later witnesses.

5 THE COMMISSIONER: You have other witnesses to do that?

MR. KELLOCK: Yes, my lord. To some extent, at least. This will show your lordship what the Japanese manufacturer is capable of producing.

10 MR. McRER: Well, we know just what we are getting in Canada, but we have not much information here as to the circumstances under which these were picked up in Australia.

15 THE COMMISSIONER: I will tell you, Mr. Kellock; we will take them now but I will expect to have better information about them later, otherwise they will be of no use to us.

MR. KELLOCK: Very well, my lord.

20 THE COMMISSIONER: Very well. This will be Exhibit 400, attached to which is this sample.

MR. KELLOCK: I find, my lord, that every sample has a particular number, so that it will be easy to identify them.

25 Q. Then have you anything to add, Mr. Berry?

A. Yes. We also have a statement of The Analyses of the construction of each of these 32 samples, performed by the Ontario Research Foundation.

30 BY THE COMMISSIONER: A. What is that, say that again, please? A. We have a statement of the analyses

with the quality it is not of much use.

MR. BRYDIE: That will be done, I understand, by

the Commission.

THE COMMISSIONER: You have other witnesses to go

with?

MR. BRYDIE: Yes, my lord. To some extent, at least.

This will show your Lordship that the Japanese manu-

facturer is capable of producing.

MR. BRYDIE: Well, we know that we are getting

in Canada, but we have not much information here

as to the circumstances under which these were placed

up in Australia.

THE COMMISSIONER: I will tell you, Mr. Brydie;

we will have seen how and I will expect to have better

information about them later, otherwise they will be

of no use to us.

MR. BRYDIE: Very well, my lord.

THE COMMISSIONER: Very well. This will be Exhibit

400, attached to which is this sample.

MR. BRYDIE: I find, my lord, that every sample

has a particular number, so that it will be easy to

identify them.

Then have you anything to add, Mr. Brydie?

A. Yes. To also have a statement of the Analysis

of the composition of each of these 38 samples,

attached to the same is another document.

MR. BRYDIE: Yes, my lord. I have it.

A. We have a statement of the analysis

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of the construction of these 32 fabrics, as prepared by the Ontario Research Foundation, for the information of the Commission.

5 MR. KELLOCK: That will probably form part of the same Exhibit, my lord.

THE COMMISSIONER: Are you putting them all in together?

MR. KELLOCK: Yes, my lord.

10 BY THE COMMISSIONER: Q. This refers to those 32 samples? A. Yes, sir.

Q. What is it again? A. It is a statement of analyses of the constructions of these 32 fabrics.

15 Q. Made by whom? A. The Ontario Research Foundation, my lord.

MR. McRUER: Well, just before this goes in, my lord.

20 THE COMMISSIONER: It is not going in except under the condition I have laid down. Do you want to say something, Mr. McRuere?

25 MR. McRUER: Yes, my lord. There is reference to price, Reference No. 3, label 36" width 1/6 landed Australia. Where does the Ontario Research Foundation get the information that it is 1/6 landed in Australia? In reference No. 4, label 36" width, 1/6 landed in Australia. Reference No. 5, label 36" width, 1/3 landed in Australia.

30 MR. KELLOCK: I suppose all that information is in the possession of the Ontario Research Foundation?

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of the construction of these 32 fabrics, as prepared
by the Ontario Research Foundation, for the information
of the Commission.

MR. KELLICK: That will probably form part of the
evidence, my lord.

THE COMMISSIONER: Are you putting them all
in together?

MR. KELLICK: Yes, my lord.

MR. KELLICK: This refers to those 32

samples?

MR. KELLICK: That is it, my lord.

of analyses of the construction of these 32 fabrics.

MR. KELLICK: Made by whom?

Foundation, my lord.

MR. KELLICK: Well, just before this goes in, my

lord.

THE COMMISSIONER: It is not going in except under

the condition I have laid down. Do you want to say

something, Mr. Kellick?

MR. KELLICK: Yes, my lord. There is reference

to price, Reference No. 3, label 35" width 1/8" labelled

Australia. Does the Ontario Research Foundation

not also labelled 35" width 1/8" labelled in Australia?

MR. KELLICK: Yes, my lord. I have labelled it

labelled in Australia.

labelled in Australia.

MR. KELLICK: I suggest all that information is

in the possession of the Ontario Research Foundation

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THE COMMISSIONER: I tell you, this is an important part of the subject matter, and I am taking it now because it is here, but I expect much better information about it before I can make any use of it; you understand that?

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MR. KELLOCK: Yes, my lord. I can only say, as far as we have any further evidence in our possession, it will certainly be produced.

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THE COMMISSIONER: Well, let me have later what you have. I will take it for the present. It is all part of Exhibit 400.

MR. KELLOCK: My lord, insofar as the point my friend raises, that information will certainly be in the possession of the Ontario Research Foundation, and it will be open to my friend to obtain it.

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THE COMMISSIONER: You are bringing this here, not Mr. McRuer.

MR. KELLOCK: Quite so, my lord.

THE COMMISSIONER: It is of no value to me as it is now, at least not much, and when you produce an exhibit I want it to be in satisfactory shape.

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MR. KELLOCK: Quite, my lord.

THE COMMISSIONER: Now, this Exhibit, you will get me some more information about it.

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MR. KELLOCK: I think, my lord, that the document my friend holds in his hands is more pertinent now to identify the construction of the various samples which are shown here than the price, but we will give

THE COMMISSIONER: I tell you, this is an important

part of the subject matter, and I am taking it now

because it is here, but I expect much better information

about it before I can make any use of it; you understand?

MR. KILGORE: Yes, my lord. I can only say, as

far as we have any further evidence in our possession,

it will certainly be produced.

THE COMMISSIONER: Well, let me have later what you

have. I will take it for the present. It is all

part of Exhibit 400.

MR. KILGORE: My lord, insofar as the report by

third parties, that information will certainly be in

the possession of the Ontario Research Foundation,

and it will be open to my friend to obtain it.

THE COMMISSIONER: You are bringing this here,

not Mr. Kilgore.

MR. KILGORE: Quite so, my lord.

THE COMMISSIONER: It is of no value to me as it is

now, at least not much, and when you produce an exhibit

I will be in a position to make use of it.

MR. KILGORE: Yes, my lord.

THE COMMISSIONER: Now, this exhibit, you will say

is some more information about it.

MR. KILGORE: I think, my lord, that the document

is of great value in the present case.

THE COMMISSIONER: I am sorry to hear that, but I will

take the same into consideration, and we will have

your lordship all the further information on both aspects that we can.

THE COMMISSIONER: Yes, all right.

5 MR. McRUER: But have you any information as to who is the authority as to the statement of the landed price in Australia?

THE COMMISSIONER: The witness has done all he can, Mr. McRuér. Mr. Kellock assures us that the Ontario Research Foundation has some information.

10 MR. KELLOCK: Yes, my lord.

MR. McRUER: I am quite sure the Ontario Research Foundation has no such information, because that is not what they are organized for.

15 MR. KELLOCK: Personally, I do not know at the moment, my lord, but I will find out.

THE WITNESS: May I state, my lord, at the time these fabrics came into my possession they had labels on them, and I believe those labels are still in our possession, and they can be filed with the Commission; they were the labels attached to the samples at the time they came into our hands. If I had considered they were of importance to the Commission we would have attached them.

20 BY THE COMMISSIONER: Q. They were attached by Courtaulds? A. Yes, my lord.

THE COMMISSIONER: All right, go on.

30 MR. KELLOCK: Then, my lord, I should like to put in at this point - I don't think it has been dealt with

your former office further information or both as to
that of the

THE COMMISSIONER: Yes, all right.

MR. BRYDIE: Have you any information as to
who is the authority as to the statement of the landed
prices in Australia?

THE COMMISSIONER: The figures have gone all the way

Mr. Brydier. Mr. Brydier assumes as that the

Statistics Research Foundation has some information.

MR. BRYDIE: Yes, my lord.

MR. BRYDIE: I am sorry that the Statistics Research

Foundation has no such information, because that is

not what they are organized for.

MR. BRYDIE: Personally, I do not know at the

moment, my lord, but I will find out.

THE COMMISSIONER: May I state, my lord, at the

time those figures came into my possession they had

labels on them, and I believe those labels are still

in our possession, and they can be filed with the

Commission; they were the labels attached to the copies

at the time they came into our hands. If I had

considered they were of importance to the Commission

we would have retained them.

BY THE COMMISSIONER: They were attached by

contracts? A. Yes, my lord.

THE COMMISSIONER: All right, go on.

MR. BRYDIE: Then, my lord, I should like to see

if we have labels on the figures in the Statistics Research

before, but it is the letter of December 26th, 1935,
to the Japanese Minister to Canada.

THE COMMISSIONER: This will be Exhibit 401.

It is a letter from?

5 MR. KELLOCK: From the Prime Minister, my Lord,
and the Secretary of State.

THE COMMISSIONER: The Prime Minister of Canada?

10 MR. KELLOCK: Yes, my lord, and the Secretary of
State, which sets out the change that was to come into
force with regard to Japanese importations.

THE COMMISSIONER: What is the date of it?

MR. KELLOCK: December 26th, 1935, my lord.

THE COMMISSIONER: December, 1935?

15 MR. KELLOCK: Yes, my lord.

THE COMMISSIONER: What does it say?

MR. KELLOCK: It is addressed to the Japanese
Minister to Canada, Ottawa, and it reads:

20 "I have the honour to inform you that the Canadian
Government, in accordance with its general policy
respecting trade and tariff matters, has decided
to make the following modifications in its Customs
regulations:-

25 1. The classification "goods of a class

or kind made or produced in Canada", as it appears
in the Customs Tariff, will be restricted to goods
which are of a class or kind made or produced in
Canada in quantities sufficient to supply at least
30 ten per cent of the normal Canadian consumption.

before, but it is the letter of December 28th, 1935,
to the Japanese Minister to Canada.

THE CANADIAN: This will be Exhibit 401.

It is a letter from

and the Secretary of State.

THE CANADIAN: The Prime Minister of Canada?

MR. KILLICK: Yes, my lord, and the Secretary of

State, which sets out the chance that was to come into
force with regard to Japanese importations.

THE CANADIAN: What is the date of it?

MR. KILLICK: December 28th, 1935, my lord.

THE CANADIAN: I am sorry, my lord, I did not

ask you to read it, my lord.

THE CANADIAN: I am sorry, my lord, I did not

MR. KILLICK: It is addressed to the Japanese

Minister to Canada, Ottawa, and it reads:

"I have the honor to inform you that the Canadian
Government, in accordance with its general policy
respecting trade and tariff matters, has decided
to make the following modifications in its Customs
regulations:-

1. The classification "goods of a class

or kind made or produced in Canada", as it appears
in the Customs Tariff, will be restricted to goods
which are of a class or kind made or produced in

Canada in quantities sufficient to supply at least
ten per cent of the normal Canadian consumption.

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Adequate notice will be given of the transfer for Customs purposes of a product from the category 'not of a class or kind made or produced in Canada' to the category 'of a class or kind made or produced in Canada.'

2. In computing the value for duty of goods of a class or kind not made or produced in Canada, the value of the yen will be the correct exchange value in terms of the Canadian dollar at the time the goods were exported to Canada.

3. In computing the value for ordinary duty and for special duty under Section 6 of the Customs Tariff of goods of a class or kind made or produced in Canada the value of the yen during the twelve months beginning January 1st, 1936, will be at the rate of 39.5 cents; being the average exchange value of the yen, in terms of the Canadian dollar, for the five-year period 1930-34, based on the exchange rates published in the Statistical Year Book of the League of Nations. For the succeeding twelve-month period the yen will be taken at the average exchange value for the five-year period 1931-35, computed on the same basis, and similarly for each succeeding year.

It is understood, of course, that if the yen should reach a value in Canadian currency higher than the value set forth or provided for above, such value would thereupon cease to apply and would to be

Appropriate notice will be given of the transfer for
 Customs purposes of a product from the category
 'not of a class or kind made or produced in
 Canada', to the category 'of a class or kind made
 or produced in Canada'.

2. In computing the value for ordinary
 duty and for special duty under Section 8 of the
 Customs Tariff of goods of a class or kind made
 or produced in Canada the value of the year ending
 the twelve months beginning January 1st, 1936,
 will be at the rate of 32.5 cents; being the aver-
 age exchange value of the year, in terms of two
 dollars and fifty cents, based on the exchange rates published in the Inter-
 national Year Book of the League of Nations. For
 the succeeding twelve-month period the year will
 be taken at the average exchange value for the
 five-year period 1931-35, computed on the same
 basis, and similarly for each succeeding year.

It is understood, of course, that if the year should
 reach a value in Canadian currency higher than the
 value set forth or provided for above, such value
 would nevertheless cease to apply and would be
 replaced by the value of the year ending January 1st, 1936, or by the average exchange value for the five-year period 1931-35, whichever is the lower.

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replaced by the current exchange value.

4. The values established under authority of Section 43 of the Customs Act will be cancelled on January 1st, 1936, on an extensive list of commodities.

5. Opportunity will be afforded for appeal to the Tariff Board of Canada respecting any value for duty which may in future be established under Section 43 of the Customs Act. In the event of such an appeal the value for duty in force will, upon the expiration of three months after the date of appeal, cease to have any force or effect unless the Tariff Board, following a public inquiry, finds that such value or some lower value is required to prevent the importation of the goods into Canada from prejudiciously or injuriously affecting the interests of Canadian producers or manufacturers. If a lower value is found by the Tariff Board to be appropriate such lower value will promptly be made effective.

The Canadian Government has decided to cancel on January 1st, 1936, the surtax of 33-1/3% ad valorem levied on goods the produce or manufacture of Japan under the regulations made by Order-in-Council P.C. 2108 of July 22nd, 1935, as modified by Order-in-Council P.C. 2317 of August 3rd, 1935."

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4. The values established under authority of section 48 of the Customs Act shall be cancelled on January 1st, 1955, on an extensive list of commodities.

5. Opportunity will be afforded for appeal to the Tariff Board of Canada respecting any value for duty which may in future be established under section 48 of the Customs Act. In the event of such an appeal, the value for duty in force at the date of appeal, shall, upon the expiration of the period after the date of appeal, cease to have any force or effect. It is required to prevent the imposition of the goods into Canada from prejudicially or injuriously affecting the interests of Canadian producers or manufacturers. If a lower value is found by the Tariff Board to be appropriate such lower value shall apply to such goods.

6. To extend on January 1st, 1955, the tariff of 35-1/2% of value levied on goods the produce or manufacture of Japan under the regulations made by Order-in-Council P.C. 4146 of July 2nd, 1955, as modified by Order-in-Council P.C. 4147 of July 2nd, 1955.

Accept, Sir, the renewed assurances of my
highest consideration."

EXHIBIT No. 401: Letter dated December
26th, 1935, from
Secretary of State
to Japanese Minister
to Canada.

(Page 6285 follows)

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Account, etc, the required assurance of my

Letter dated December
19th, 1931, from
Secretary of State
to Japanese Minister
to Canada.

(Page 8888 follows)

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THE COMMISSIONER: Just a minute; that is 401?

MR. KELLOCK: Yes, my lord. Then, Mr. Berry, I am showing you as exhibit 402 a table of Canadian imports from Japan. Is that as of -- A. No, that is a statement of Canadian imports from Japan of silk and artificial silk cloth for 1935 and the first four months of 1936.

MR. McRUEN: We could give it to you later than that.

EXHIBIT NO. 402: Table of imports from Japan of silk and artificial silk fabrics.

BY THE COMMISSIONER: Q. Where is that taken from?

A. It is taken from figures issued by the Department of National Revenue, my lord.

Q. Exhibit 402. A. Together with tables for the first four months of 1935 and 1936 in each item.

BY MR. KELLOCK: Q. Will you discuss that, Mr. Berry, please?

A. The imports from Japan in each case, ^{greige} ~~grey~~ silk fabrics in the first four months of 1935 were 18,000 yards and in the first four months of 1936 were 53,000 yards. Finished silk fabrics, 26 inches and wider were in 1935 49,000 yards and in 1936 79,000 yards. Finished silk fabrics, 26 inches and less were in 1935 21,000 yards and in 1936 39,000 yards. Artificial silk fabrics were in 1935 22,000 pounds and in 1936 were 64,000 pounds. These figures in brief show that the Japanese sales of silk fabrics in Canada have increased 92% over the imports for the same period of last year and the imports of artificial silk fabrics have increased 188% over the same period of last year.

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the committee, that is to say

Mr. KAPLOON: Yes, my lord.

Then, Mr. Berry, I

showing you as exhibit 402 a table of Canadian imports

from Japan. In that as of -- A. No, that is

a statement of Canadian imports from Japan of silk

and artificial silk cloth for 1935 and the first four

months of 1936.

Mr. KAPLOON: We could give it to you later than the

Exhibit No. 402: Table of imports from

Japan of silk and artificial

silk fabrics.

BY THE COMMISSIONER: Q. Where is that taken from?

A. It is taken from figures issued by the Department of

National Revenue, my lord.

Q. Exhibit 402. A. Together with tables

for the first four months of 1935 and 1936 in each

item.

BY MR. KAPLOON: Q. Will you discuss that, Mr. Berry?

A. The imports from

Japan in 1935 were 18,000 yards and in the first four

months of 1936 were 18,000 yards and in the first four

months of 1936 were 23,000 yards. Finished silk

fabrics, 20 inches and wider were in 1935 49,000 yards

and in 1936 77,000 yards. Finished silk fabrics,

20 inches and less were in 1935 21,000 yards and in

1936 39,000 yards. Artificial silk fabrics were in

1935 22,000 pounds and in 1936 were 24,000 pounds.

These figures in brief show that the Japanese sales

of silk fabrics in Canada have increased 25% over the

imports for the same period of last year and the imports

of artificial silk fabrics have increased 100% over the

BY MR. McRUER: Q. You didn't segregate the class or kind not made in Canada in that statement, Mr. Berry?

A. I haven't those figures, Mr. McRuér.

THE COMMISSIONER: What is that?

MR. McRUER: Goods of a class or kind not made in Canada.

THE COMMISSIONER: Is that what it is?

MR. McRUER: If they are not taken out in that statement, it makes a very big difference to the picture if they are segregated.

THE COMMISSIONER: Apparently you will have something on that.

MR. McRUER: I have the same statement made up to date and brought down ~~down~~ a little later on. Mr. Hooper will give it to your lordship, and we also show goods of a class or kind not made in Canada that are imported because when the duty was lowered and the surtax taken off the depreciated value of the yen at 29 applied. It applied at 29 on goods of a class or kind not made in Canada but it was 39 on goods that were made in Canada so that goods of a class or kind not made in Canada came in and started to come in. That is the whole story.

THE WITNESS: That is open to question.

MR. McRUER: Well, we will give you the figures.

THE COMMISSIONER: Is it the contention that goods of a class or kind not made in Canada compete with goods made in Canada?

MR. KELLOCK: That is our contention, my lord, to some extent, at least.

MR. McRUER: Of course, the law says otherwise.
However, I will put Mr. Hooper in on that.

MR. KELLOCK: What we say, my lord, is that the importations have been of a type of goods that displace the demand for higher priced goods which are manufactured here.

MR. McRUER: It isn't a question of the type of goods; class or kind not made in Canada. Umbrella silk

does not compete with shoe leather or dress fabric

BY MR. KELLOCK: Q. Mr. Berry, your figures there on a percentage basis show a considerable increase but the absolute figures might be open to the comment that they are still not very large. Have you any information as to why they are not larger than they are?

A. It is very difficult --

THE COMMISSIONER: Why importations are not larger?

MR. KELLOCK: Yes, my lord.

THE WITNESS: It is very difficult to get direct evidence on that point. We have two or three exhibits which might give some information on that question.

MR. KELLOCK: I am showing the witness, my lord, the Manchester Guardian of April 3, 1936 which will be exhibit --

THE COMMISSIONER: 403.

EXHIBIT NO. 403: Clipping from Manchester Guardian of April 3, 1936.

THE WITNESS: This statement says:

"Rayons At Less Than 2½d. a Yard.

Japanese papers state that the Japanese Foreign Office has received information from Canada that

MR. WATSON: Of course, the law says otherwise.

However, I will put Mr. Hooper in on that.

MR. KENNEDY: What we say, my lord, is that the

importations have been of a type of goods that displace
the demand for higher priced goods which are manufactured

MR. WATSON: It isn't a question of the type of

goods; it is a question of kind not made in Canada. Whether it is

does not compare with shoe leather or dress fabric

BY MR. KENNEDY: Yes, my lord, your figures there

on a percentage basis show a considerable increase but

the absolute figures might be open to the comment that

they are still not very large. Have you any information

as to why they are not larger than they are?

A. It is very difficult --

MR. WATSON: Why importations are not larger

MR. KENNEDY: Yes, my lord.

THE WITNESS: It is very difficult to get direct

evidence on that point. We have two or three examples

which might give some information on that question.

MR. KENNEDY: I am showing the witness, my lord,

the Manchester Guardian of April 2, 1933 which will be

exhibit --

THE COMMISSIONER: 403.

EXHIBIT IT NO. 403: Clipping from Manchester

Guardian of April 2, 1933.

THE WITNESS: This is the same.

"None at less than 25d. a yard.

Japanese papers show that the Japanese have

office has received information from Canada that

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Berry

"anti-dumping duties are likely to be again imposed on Japanese rayon goods, and that the new rate will be based on the highest price of 1934. Canada is said to think it unreasonable that Japanese rayon cloth should be imported at only 17 sen a yard"--

BY THE COMMISSIONER: Q. Pardon me, what is a sen?

A. It is one-hundredth of a yen, my lord.

"that Japanese rayon cloth should be imported at only 17 sen a yard when the highest rate in 1934 was 30 sen. Prices lower than that will cause an outcry from the Canadian rayon industry. The Foreign Office and the cloth exporters think that such a measure would be 'unreasonable' as Japan has been booking heavy orders since the restoration of trade relations on January 1. But the Government is warning Japanese traders 'not to sell at recklessly low prices'".

MR. KELLOCK: I am showing you also, Mr. Berry --

THE COMMISSIONER: We are nearer to the government than we are to the Manchester Guardian.

MR. KELLOCK: I am just doing the best I can, my lord.

MR. MORRIS: I don't doubt you are doing that.

MR. KELLOCK: I might say, my lord, I will have some fairly direct evidence on this point at a little later stage. I am showing the witness the Manchester Guardian of April 15, 1936, exhibit 404 --

EXHIBIT NO. 404: Clipping from Manchester Guardian, April 15, 1936.

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BARRY

"anti-dumping duties are likely to be again imposed
on Japanese rayon goods, and that the new rate will
be based on the highest price of 1954. It is said to think it unreasonable that Japanese
rayon cloth should be imported at only 17 per cent

of the

of the Japanese rayon cloth should be imported at
only 17 per cent when the highest rate in 1954
was 30 per cent. Prices lower than that will cause a
entry from the Canadian rayon industry. The
Foreign Office and the cloth exporters think that
it is a mistake to be 'unreasonable' as Japan
has been paying heavy duties since the restoration
of trade relations on January 1. But the govern-
ment is warning Japanese traders 'not to sell at
recklessly low prices'."

MR. WATSON: I am pointing out that the
THE GOVERNMENT: We are nearer to the government
than we are to the Manchester Guardian.
MR. WATSON: I am just doing the best I can, my
lord.
MR. WATSON: I don't doubt you are doing that.
MR. WATSON: I might say, my lord, I will have a
fairly direct evidence on this point at a little later
stage. I am showing the witness the Manchester
Guardian of April 15, 1954, exhibit 44 --

THE COMMISSIONER: Just a minute. Alright.

BY MR. KELLOCK: Q. Would you deal with this,
please, Mr. Berry?

A. "According to the 'Japan Chronicle' (Kobe) one
5 result of the fears that Australia will impose a
heavy specific duty on imports of Japanese rayon
goods has been a hastening of efforts to control
export prices. It is realised that one of the
10 most serious problems that are now being confronted
is that of avoiding business at such low prices
as are liable to irritate overseas countries, and
in some quarters it is thought that the best solution
would be through a revision of the Export Guild Law.
15 The Japanese Government is understood to be greatly
concerned about the situation, believing that the
question does not affect rayon alone but has undes-
irable effects on other trade. It is of the opinion
that the recent slowing down of exports of cotton
20 cloth has been caused partly by reckless shipments
of rayon goods. The authorities are in negotiation
with the Federation of Rayon Export Guilds to devise
suitable measures to adjust prices and to prevent
ill-advised dealings.

25 Far-sighted traders, it is reported, admit the
need for exercising stricter control of exports, es-
pecially as regards prices, though there are doubts
as to whether effective arrangements could be made
under the existing law. The present Export Guilds
30 do not include all the firms, and, moreover, unless
cloth manufacturers were brought in, control could

THE CHAIRMAN: Just a minute. Alright.
BY MR. BRYDIE: Would you deal with this.

please, Mr. Brydie?

A. "According to the 'Japan Chronicle' (Tokyo) one
result of the fears that Australia will impose a
heavy specific duty on imports of Japanese rayon
goods has been a hastening of efforts to control
export prices. It is realized that one of the
most serious problems that are now being confronted
is that of avoiding business at such low prices
as are liable to irritate overseas countries, and
in some quarters it is thought that the best solution
would be through a revision of the export duties law.
The Japanese Government is understood to be greatly
concerned about the situation, believing that the
situation does not affect rayon alone but has under-
mining effects on other trades. It is of the opinion
that the recent slowing down of exports of cotton
cloth has been caused partly by reckless shipment
of rayon goods. The authorities are in negotiation
with the Federation of Rayon Export Unions to evolve
suitable measures to adjust prices and to prevent

mis-selling.
Rayon-union leaders, it is reported, admit the
need for exercising stricter control of exports, es-
pecially as prices are low, though there are doubts
as to whether effective arrangements could be made
under the existing law. The present export duties
do not include all the firms, and, moreover, unless
strict supervision was exercised in rayon sales

"not be exercised. The licence fees charge by guilds are seldom included in the prices charged to foreign customers, but are usually shouldered by the exporters, who often work at bare cost or at a loss on individual orders in expectation of a rebate of licence fees at the end of the six months' period."

Q. Then, I am showing you, Mr. Berry, as exhibit 405 the Montreal Gazette of May 28, 1936.

EXHIBIT NO. 405: Clipping from Montreal Gazette of May 28, 1936.

Would you deal with that, Mr. Berry, please?

A. This is a short article entitled "Japan's Rayon Makers Will Stabilize Supply". It is dated Tokyo, May 27th.

"Opposition in Canadian, Australian and other foreign markets and apprehension that this may aggravate a tendency toward an over-supplied domestic market, has led the Japan. Rayon Association to attempt stabilization of supply.

Under a programme approved by the Association for its member manufacturers which went into effect this month, new projects for mill expansion will be held up until the end of October. For one year from November, increases of spindles are to be restricted on the basis of present capacity on a scale graduated from an increase of 75 per cent. for mills having less than 4,000 spindles to an increase of five per cent. for mills having more than 50,000 spindles.

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"has been overlooked. The license fees of \$250

and the license fees included in the license charges

to foreign countries, but also license charges

by the government, the license fees at home cost of \$250

to the license fees of \$250 at the end of the six months

period."

"I think I am speaking for Mr. Barry, as a result

405 the Montreal Gazette of May 25, 1935.

Montreal Gazette of May 25, 1935.

Would you deal with that, Mr. Barry, please?

A. This is a short article entitled "Japan's Japan

and the Japanese people." It is a short article, and

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"opposition in Canada, Australia and other

foreign markets and opposition in that this is

apparently a tendency toward an over-estimated

domestic market, and the Japanese people have

been to attempt stabilization of supply.

Under a programme approved by the Association

for the member manufacturers which went into

effect this month, new projects for will expansion

will be held up until the end of October. For one

year from November, increases of salaries are to be

restricted on the basis of present earnings on a

scale graduated from an increase of 75 per cent.

for firms having less than 4,000 employees to an

increase of 100 per cent for firms having more

than 10,000 employees.

" New spindles going into operation from this month are to be subject to extra curtailment. New spindles going into operation in the larger mills after November are to be curtailed at a higher percentage. New Member companies will be allowed full spindle production up to 5,000 but output from spindles in excess of that figure will be drastically curtailed. Full information as to demand to supply will be exchanged among member companies."

Q. Now, Mr. Berry, have you some comparisons between Canadian and Japanese prices on various articles? I am showing you these documents. What are they? That will be exhibit 406.

THE COMMISSIONER: What are they?

BY MR. KILLOCK: Q. What are they? A. I may say, my lord, in three cases Canadian companies with whom the Commission has not been yet in contact have handed me information.

BY THE COMMISSIONER: Q. Manufacturers? A. Canadian manufacturers, my lord, have handed me information on certain lines of Japanese production and some comparisons with Canadian prices.

Q. Who are the three manufacturers? A. There are three items, my lord; two of them are from Belding-Corticelli, Limited and one from the Hamilton Cotton Company.

Q. Are these documents you got from these companies?

A. Yes, my lord.

Q. Well, separate them according to the origin.

" New spinners going into operation from this
month are to be subject to extra surcharges.
New spinners going into operation in the larger
size after January are to be credited at a
higher percentage. New member companies will be
allowed full spinners production up to 5,000 and
output from spinners in excess of that figure
will be theoretically credited. Full information
as to demand to supply will be exchanged among
member companies."

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" Now, Mr. Berry, have you seen companies
producing and increasing prices on various articles?
I am sure you have seen some. What are they?
What will be the result?
THE QUESTIONER: What are they?
BY MR. BERRY: What are they?
A. I may say
my firm, in three cases Canadian companies with whom
the Commission has not been yet in contact have raised
no information.
BY THE COMMISSIONER: Manufacturers?
A. Manufacturers, my firm, have raised no information
on certain lines of telephone production and some other
persons with Canadian prices.
A. Now the three companies?
are three lines, my firm; two of them are from Bell
Corporation, Limited and one from the Western Electric
Company.
A. Yes, my firm.
A. Well, according to the statistics

BY MR. KELLOCK: Q. The one you hold in your hand is from where?

5 MR. McRUER: Of course, if Mr. Berry is going to produce documents that show what the costs of production are of Belding-Corticelli and compare them with Japanese goods that they say are imported, I think we might have a little more direct way of doing that.

THE COMMISSIONER: We will, certainly.

10 MR. McRUER: These people are right here in Montreal.

THE COMMISSIONER: We are going to hear from the Belding-Corticelli Company. That is why I want these exhibits marked separately, but you can put them in now.

15 THE WITNESS: I might say, my lord, that these will be open to any sort of proof you require. I am simply filing them as being in my possession and for your information.

20 THE COMMISSIONER: Yes, I take it that way. Now then, the first one will be exhibit 406 and it is from where?
A. The Hamilton Cotton Company, my lord.

25 Q. It is figures they gave you? A. Yes, my lord.

EXHIBIT NO. 406: Comparative figures between Japanese and Canadian goods as supplied by Hamilton Cotton Company.

30 BY MR. KELLOCK: Q. It deals with what product?
A. This deals with six samples of Japanese elastic webs. These webs range from one inch to 1-3/8 inches

BY MR. BRYDIE: And you hold in your hand

is that theory

MR. BRYDIE: Of course, if Mr. Terry is going

to discuss something that has to do with the

production of evidence in the trial and concerns them

with the evidence that they are interested, I

think we might have a little more direct way of

saying that.

THE COURT: All right, Mr. Brydie.

MR. BRYDIE: These people are right here in

the room.

THE COURT: Yes, they are going to hear from the

prosecution and the defense. That is all I want to say.

THE COURT: Now, you are going to say that you are

THE COURT: I might say, my lord, that these

will be open to any sort of cross-examination. I am

simply telling them as being in my possession and for

your information.

THE COURT: Yes, I take it that way. Now

then, the time has come when the evidence is to be

from the witness.

THE COURT: Yes, my lord.

THE COURT: Yes, my lord. It is in the hands of the

THE COURT: Yes, my lord. It is in the hands of the

THE COURT: Yes, my lord. It is in the hands of the

THE COURT: Yes, my lord. It is in the hands of the

THE COURT: Yes, my lord. It is in the hands of the

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THE COURT: Yes, my lord. It is in the hands of the

THE COURT: Yes, my lord. It is in the hands of the

THE COURT: Yes, my lord. It is in the hands of the

THE COURT: Yes, my lord. It is in the hands of the

in width. The memorandum sets out the Canadian cost of producing the Japanese construction, the Canadian cost of producing the closest Canadian construction at present being made similar to the Japanese web and it also sets out the landed cost of the Japanese web. There is one sample here, number 2079 on which the Canadian cost of the Japanese web is stated to be \$16.25 per gross yards and the landed price of the Japanese web is \$10.14 per gross yards.

BY THE COMMISSIONER: Q. You have that word "landed cost" there? A. Yes, my lord.

BY MR. KELLOCK: Q. What does that include? A. That includes all duties, dumping duty and freight at one cent a pound. That is included in this exhibit.

BY THE COMMISSIONER: Q. What is the figure again? A. The cost figures, my lord?

Q. Yes. A. The cost --

BY MR. McRUER: Q. Freight one cent a pound?

A. One cent a pound.

Q. Where do you get that from Japan?

BY MR. KELLOCK: Q. Have you any further information on the freight rate?

BY THE COMMISSIONER: Q. You have your freight rate at one cent a pound? A. Yes, my lord.

MR. McRUER: I understand it is about 4½.

THE WITNESS: These prices are -- the basis of these prices is taken on its being, the particular web under discussion, \$6.00 per gross in the United States so that the freight charges up to that point would be included in that \$6.00, and the one cent is

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in width. The memorandum sets out the Canadian

cost of producing the Japanese construction, the

Canadian cost of producing the closest Canadian

construction at present being made similar to the

Japanese web and it also sets out the landed cost of

the Japanese web. There is one sample here, number

809 on which the Canadian cost of the Japanese web

is stated to be \$15.25 per gross yards and the landed

value of the Japanese web is \$10.14 per gross yards.

BY THE COMMISSIONER: You have that word "Japanese"

cost" there? A. Yes, my lord.

BY MR. KILBICK: What does that include?

A. That includes all duties, docking duty and freight

at one cent a pound. That is included in this exhibit.

BY THE COMMISSIONER: What is the figure against

A. The cost figures, my lord?

A. Yes. A. The cost --

BY MR. KILBICK: Freight one cent a pound?

A. One cent a pound.

A. Where do you get that from Japan?

on the freight rate?

BY THE COMMISSIONER: You have your freight rate

at one cent a pound? A. Yes, my lord.

A. However, I understand it is about 4 1/2

per gross yard. These prices are -- the basis of

these prices is taken on the basis, the Canadian

web under discussion, \$6.00 per gross in the United

States so that the freight charges up to that point

would be included in that \$6.00, and the one cent is

presumably added as an addition to the cost of transporting from the United States to Canada.

BY THE COMMISSIONER: Q. Give me those figures again?

5 A. The Canadian figure is \$16.25 per gross yards and the Japanese figure \$10.14. On the second sample the Canadian figure is \$12.96 per gross yards and the Japanese \$9.50. The third sample shows \$15.66 for the Canadian and \$9.51 for the Japanese. The fourth sample shows \$20.35 for the Canadian and \$11.23 for the Japanese. The fifth sample shows \$16.61 for the Canadian and \$10.14 for the Japanese. The sixth sample shows \$17.75 for the Canadian and \$10.15 for the Japanese.

15 MR. KELLOCK: Then, you have some information from the Belding-Corticelli.

THE COMMISSIONER: That is 407.

EXHIBIT NO. 407:

Comparative figures between Japanese and Canadian goods as supplied by Belding-Corticelli, Limited.

20 THE WITNESS: I might say, my lord, that this refers to two different types of product entirely.

MR. KELLOCK: Deal with them separately, then.

BY THE COMMISSIONER: Q. But they are Japanese rayon?

25 A. No, one is Japanese elastic and the other is Japanese ribbon.

BY MR. KELLOCK: Q. Which are you going to deal with first?

BY THE COMMISSIONER: Q. What are they made out of; what is the material?

30 A. The ribbons are rayon ribbons, my lord, and the elastics are rubber and rayon.

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approximately equal in addition to the cost of transporting from the United States to Canada.

BY THE COMMISSIONER: I give the figures and the Japanese figures are \$10.14. On the second sample the Canadian figure is \$11.96 per gross yards and the Japanese \$9.60. The third sample shows \$15.66 for the Canadian and \$5.51 for the Japanese. The fourth sample shows \$20.35 for the Canadian and \$11.35 for the Japanese. The fifth sample shows \$16.61 for the Canadian and \$10.14 for the Japanese. The sixth sample shows \$17.75 for the Canadian and \$12.15 for the Japanese.

MR. KILBICK: When you have some information

the way to get it?

THE COMMISSIONER: That is all.

EXHIBIT NO. 1001

Exhibit No. 1001
Two pieces of Japanese
silk ribbon, one of which
is marked with the
number 1001.

THE WITNESS: I might say, my lord, that this refers to two different pieces of material entirely. MR. KILBICK: Deal with them separately, then. BY THE COMMISSIONER: I. But they are Japanese

ribbons? A. No, one is Japanese elastic and the other is Japanese ribbon.

BY MR. KILBICK: I. What are you going to deal with

first?

BY THE COMMISSIONER: I. What are they made out of?

What is the material? A. The ribbons are rayon

ribbon, my lord, and the elastic are rubber and rayon

Berry

Q. Go on?

A. The letter on ribbons sets

out the yen price and the landed price per 144 yards of various widths of Japanese ribbon, rayon ribbon, and the corresponding Canadian prices of the same widths of a similar Canadian ribbon. The landed price of these Japanese ribbons is stated to be for number two width \$5.95 and the Canadian ribbon \$7.80. Number 3 width, Japanese \$8.10 and Canadian \$9.00. Number 5 width, Japanese \$11.58 and Canadian \$13.40. Number 9 width, Japanese \$19.43 and Canadian \$20.40. Number 16 width, Japanese \$25.45 and Canadian \$33.30.

MR. KELLOCK: Would your lordship like these marked separately?

THE COMMISSIONER: Yes, that is 407; that is for the Belding-Corticelli.

MR. KELLOCK: There are two separate products, my lord.

THE COMMISSIONER: Well, put them in together.

MR. KELLOCK: Very well, my lord.

BY THE COMMISSIONER: Q. What is the next one?

A. The remainder of that exhibit, my lord --

Q. This is Belding-Corticelli? A. Yes, this is Belding-Corticelli.

Q. Go on?

A. The letter with regard to quarter inch braided rayon elastic in which it is stated that the quarter inch braided rayon elastic is being sold at from \$1.00 to \$1.25 per gross yards according to the quantity delivered, the dollar price being in the case of one hundred gross lots, whereas the Canadian cost of production for the same grade of

Q. 100

Harry

Q. 100. The letter on ribbon sets out the price and the landed price per 144 yards of various widths of Japanese ribbon, rayon ribbon, and the corresponding Canadian prices of the same widths of a similar Canadian ribbon. The landed price of these Japanese ribbons is stated to be for number two 3 width, Japanese \$7.10 and Canadian \$9.00. Number 3 width, Japanese \$11.58 and Canadian \$15.40. Number 4 width, Japanese \$15.40 and Canadian \$19.30. Number 5 width, Japanese \$19.30 and Canadian \$23.20. Number 6 width, Japanese \$23.20 and Canadian \$27.10. Number 7 width, Japanese \$27.10 and Canadian \$31.00. Number 8 width, Japanese \$31.00 and Canadian \$34.90. Number 9 width, Japanese \$34.90 and Canadian \$38.80. Number 10 width, Japanese \$38.80 and Canadian \$42.70. Number 11 width, Japanese \$42.70 and Canadian \$46.60. Number 12 width, Japanese \$46.60 and Canadian \$50.50. Number 13 width, Japanese \$50.50 and Canadian \$54.40. Number 14 width, Japanese \$54.40 and Canadian \$58.30. Number 15 width, Japanese \$58.30 and Canadian \$62.20. Number 16 width, Japanese \$62.20 and Canadian \$66.10. Number 17 width, Japanese \$66.10 and Canadian \$70.00. Number 18 width, Japanese \$70.00 and Canadian \$73.90. Number 19 width, Japanese \$73.90 and Canadian \$77.80. Number 20 width, Japanese \$77.80 and Canadian \$81.70. Number 21 width, Japanese \$81.70 and Canadian \$85.60. Number 22 width, Japanese \$85.60 and Canadian \$89.50. Number 23 width, Japanese \$89.50 and Canadian \$93.40. Number 24 width, Japanese \$93.40 and Canadian \$97.30. Number 25 width, Japanese \$97.30 and Canadian \$101.20. Number 26 width, Japanese \$101.20 and Canadian \$105.10. Number 27 width, Japanese \$105.10 and Canadian \$109.00. Number 28 width, Japanese \$109.00 and Canadian \$112.90. Number 29 width, Japanese \$112.90 and Canadian \$116.80. Number 30 width, Japanese \$116.80 and Canadian \$120.70. Number 31 width, Japanese \$120.70 and Canadian \$124.60. Number 32 width, Japanese \$124.60 and Canadian \$128.50. Number 33 width, Japanese \$128.50 and Canadian \$132.40. Number 34 width, Japanese \$132.40 and Canadian \$136.30. Number 35 width, Japanese \$136.30 and Canadian \$140.20. Number 36 width, Japanese \$140.20 and Canadian \$144.10. Number 37 width, Japanese \$144.10 and Canadian \$148.00. Number 38 width, Japanese \$148.00 and Canadian \$151.90. Number 39 width, Japanese \$151.90 and Canadian \$155.80. Number 40 width, Japanese \$155.80 and Canadian \$159.70. Number 41 width, Japanese \$159.70 and Canadian \$163.60. Number 42 width, Japanese \$163.60 and Canadian \$167.50. Number 43 width, Japanese \$167.50 and Canadian \$171.40. Number 44 width, Japanese \$171.40 and Canadian \$175.30. Number 45 width, Japanese \$175.30 and Canadian \$179.20. Number 46 width, Japanese \$179.20 and Canadian \$183.10. Number 47 width, Japanese \$183.10 and Canadian \$187.00. Number 48 width, Japanese \$187.00 and Canadian \$190.90. Number 49 width, Japanese \$190.90 and Canadian \$194.80. Number 50 width, Japanese \$194.80 and Canadian \$198.70. Number 51 width, Japanese \$198.70 and Canadian \$202.60. Number 52 width, Japanese \$202.60 and Canadian \$206.50. Number 53 width, Japanese \$206.50 and Canadian \$210.40. Number 54 width, Japanese \$210.40 and Canadian \$214.30. Number 55 width, Japanese \$214.30 and Canadian \$218.20. Number 56 width, Japanese \$218.20 and Canadian \$222.10. Number 57 width, Japanese \$222.10 and Canadian \$226.00. Number 58 width, Japanese \$226.00 and Canadian \$229.90. Number 59 width, Japanese \$229.90 and Canadian \$233.80. Number 60 width, Japanese \$233.80 and Canadian \$237.70. Number 61 width, Japanese \$237.70 and Canadian \$241.60. Number 62 width, Japanese \$241.60 and Canadian \$245.50. Number 63 width, Japanese \$245.50 and Canadian \$249.40. Number 64 width, Japanese \$249.40 and Canadian \$253.30. Number 65 width, Japanese \$253.30 and Canadian \$257.20. Number 66 width, Japanese \$257.20 and Canadian \$261.10. Number 67 width, Japanese \$261.10 and Canadian \$265.00. Number 68 width, Japanese \$265.00 and Canadian \$268.90. Number 69 width, Japanese \$268.90 and Canadian \$272.80. Number 70 width, Japanese \$272.80 and Canadian \$276.70. Number 71 width, Japanese \$276.70 and Canadian \$280.60. Number 72 width, Japanese \$280.60 and Canadian \$284.50. Number 73 width, Japanese \$284.50 and Canadian \$288.40. Number 74 width, Japanese \$288.40 and Canadian \$292.30. Number 75 width, Japanese \$292.30 and Canadian \$296.20. Number 76 width, Japanese \$296.20 and Canadian \$300.10. Number 77 width, Japanese \$300.10 and Canadian \$304.00. Number 78 width, Japanese \$304.00 and Canadian \$307.90. Number 79 width, Japanese \$307.90 and Canadian \$311.80. Number 80 width, Japanese \$311.80 and Canadian \$315.70. Number 81 width, Japanese \$315.70 and Canadian \$319.60. Number 82 width, Japanese \$319.60 and Canadian \$323.50. Number 83 width, Japanese \$323.50 and Canadian \$327.40. Number 84 width, Japanese \$327.40 and Canadian \$331.30. Number 85 width, Japanese \$331.30 and Canadian \$335.20. Number 86 width, Japanese \$335.20 and Canadian \$339.10. Number 87 width, Japanese \$339.10 and Canadian \$343.00. Number 88 width, Japanese \$343.00 and Canadian \$346.90. Number 89 width, Japanese \$346.90 and Canadian \$350.80. Number 90 width, Japanese \$350.80 and Canadian \$354.70. Number 91 width, Japanese \$354.70 and Canadian \$358.60. Number 92 width, Japanese \$358.60 and Canadian \$362.50. Number 93 width, Japanese \$362.50 and Canadian \$366.40. Number 94 width, Japanese \$366.40 and Canadian \$370.30. Number 95 width, Japanese \$370.30 and Canadian \$374.20. Number 96 width, Japanese \$374.20 and Canadian \$378.10. Number 97 width, Japanese \$378.10 and Canadian \$382.00. Number 98 width, Japanese \$382.00 and Canadian \$385.90. Number 99 width, Japanese \$385.90 and Canadian \$389.80. Number 100 width, Japanese \$389.80 and Canadian \$393.70.

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elastic is \$1.21.

BY MR. McRUER: Q. Does it say where it is being sold? A. It is being sold by the International Smallwares Company of Montreal.

5 BY MR. KELLOCK: Q. Have you anything to add, Mr. Berry? A. No.

MR. KELLOCK: Your witness.

--

BY MR. McRUER:

10 Q. Now, Mr. Berry, you have been in pretty close touch, I suppose, for the last five months with the Japanese situation in Canada? A. A certain amount of information comes into our office about the Japanese situation, yes.

15 Q. Mr. Berry, you have been making a special effort to gather information in regard to it, and preparing it? A. ~~It~~ This has required some preparation, yes.

20 Q. You have been putting a special effort forward in that way, have you not, you and Mr. Hallam, both of you; that is right, is it not? A. Yes, along with the rest of our duties, Mr. McRuer.

25 Q. And we have heard nothing from you in regard to Japanese taffetas or dress goods or piece goods that are being sold in Canada in competition with any that are being made in Canada? A. Is that a question, Mr. McRuer?

30 Q. Yes. We have not heard anything from you in that connection? A. Well, we are not pretending that this is a complete statement of all the

elastic is \$1.21.

BY MR. McNEIL: Now is any where it is being

Q. It is being sold by the

International Salesman company of Montreal.

BY MR. McNEIL: I have you anything to add, Mr.

BERRY?

A. No.

BY MR. McNEIL:

Q. Now, Mr. Berry, you have been in pretty close

touch, I suppose, for the last five months with the

Japanese situation in Canada?

A. A certain amount of information comes into our office about the

Japanese situation, yes.

Q. Mr. Berry, you have been making a special

effort to gather information in regard to it, and

A. It has been required in preparing it.

Q. You have been putting a special effort toward

in that way, have you not, you and Mr. Neilson, both

of you; that is right, is it not?

A. Yes.

Q. And we have heard nothing from you in regard

to Japanese textiles or dress goods or piece goods

that are being sold in Canada in competition with

that are being made in Canada?

A. In that

Q. Yes. We have not heard anything from you in

A. Well, we are not

that connection?

providing that you are a member of the

material that might be gathered. We have presented this as information which we had which we considered might be useful to the Commission.

5 Q. If there were Japanese piece goods or taffetas such as were being made at the Sherbrooke plant or at Montreal Cottons you would have presented that, if you had it, wouldn't you?

MR. LANCTOT: I don't think that is relevant.

10 We are not called to make our proof. I don't think that is relevant.

THE COMMISSIONER: The question is relevant, alright. What objection is there to it? Have you other witnesses?

15 MR. KELLOCK: Yes, my lord.

THE COMMISSIONER: Who will supply this information?

MR. KELLOCK: Yes, my lord. This witness only went as far as he could.

THE COMMISSIONER: Well, that is your answer.

20 BY MR. McRUER: Q. Has information come to you in your capacity of Japanese dress goods and piece goods being sold in competition with Canadian mills?

A. Do you mean have I been informed of any sales?

25 Q. Have you been able to check up on any and find out? A. We have, for instance,

the statement that was filed as an exhibit with the Commission of the imports up to that time.

Q. I know, but I mean outside of what we have got before the Commission now.

30 MR. LANCTOT: Let the witness answer.

MR. McRUER: I am letting him answer.

A. We

material that might be gathered. We have presented this as information which we had which we considered might be useful to the Commission.

Q. If there were Japanese places or factories such as were being made at the Shonanke plant or at Montreal Cottons you would have presented that, if you had it, wouldn't you?

A. I don't think that is relevant.

Q. We are not called to make our proof. I don't think that is relevant.

THE COMMISSIONER: The question is relevant, sir. That objection is there for it. Have you other witnesses?

THE COMMISSIONER: Yes, sir.

THE COMMISSIONER: Who will supply this information?

A. I don't know, sir. This witness only.

Q. As far as he could.

THE COMMISSIONER: Well, that is your answer.

BY MR. NELSON: Q. Has information come to you in

being sold in competition with Canadian mills?

A. Do you mean have I been informed of any sales?

Q. Have you been able to check up on any and find

only. A. We have, for instance,

the statement that was filed as an exhibit with the

Commission of the Imports up to that time.

Q. I know, but I mean outside of what we have

before the Commission now.

THE COMMISSIONER: Yes, sir.

THE COMMISSIONER: Yes, sir.

Berry

have information which we obtained from government sources which has been filed here this afternoon for the first four months. The government does not publish any figures as regards the qualities, including all their various tariff import items.

Q. I want to know outside of the information you have filed before us, or we have had filed before, have you got any information that you have not told us about of Japanese dress goods or piece goods being sold in competition with the Canadian product in Canada?

MR. KELLOCK: I can say that we have --

MR. McRUER: Excuse me.

THE COMMISSIONER: Mr. McRuer wants to know what the witness knows and he is entitled to find out.

MR. KELLOCK: I was going to say that we have other evidence.

THE COMMISSIONER: That is another story. The question is whether the witness knows.

MR. McRUER: This is a man in a key position. He is secretary-treasurer of this industry and has been taking us all over through Sudan, Tanganyika, and India and China, and we have been all over the world and I am back in Montreal and near where a mill was closed in January. I want to know what you know or have information about, of goods being sold, Japanese goods being sold in Canada that would compete with the dress fabrics that were produced at Sherbrooke, or are being produced at Montreal Cottons; just what you know, that is all. If you

have information which we obtained from government
sources which has been filed here this afternoon for
the first four months. The government does not
publish any figures as regards the quantities, includ-
ing all their various tariff import items.

Q. I want to know outside of the information you
have filed before us, or we have had filed before,
have you got any information that you have not told us
about of Japanese dress goods or piece goods being
sold in competition with the Canadian product in

Canada?

MR. WATSON: I can say that we have --

MR. MOHR: Excuse me.

THE COMMISSIONER: Mr. Mohr wants to know what the
witness knows and he is entitled to find out.

MR. WATSON: I was going to say that we have other
evidence.

THE COMMISSIONER: That is another story. The

question is whether the witness knows.

MR. MOHR: This is a man in a key position. He
is secretary-treasurer of this industry and has been
telling us all over a rough sketch, Tanganyika, and
India and China, and we have been all over the world
and I am back in Montreal and next where I will be
stayed in January. I want to know what you know

Japanese goods being sold in Canada that would
compete with the dress fabrics that were produced
in Canada. Is that what you know, that is all. If you

don't know of any, say so. A. I have very little information in our files on a question of that sort.

Q. Whether it is in your files or out of your files?

A. Because my understanding has been that that aspect of the situation would be dealt with by the companies who were directly concerned with that.

Q. I say that you have no information about it -- my friends, Mr. Gordon and Mr. Heward both sat back greatly relieved about that answer anyway, Mr. Berry. That was a tense moment there. As far as you are concerned you have no information about it?

A. Very little, Mr. McPuer, relating to the question you asked.

Q. Now, you gave us some information in exhibit 402 in reference to the imports into Canada from Japan of artificial silk fabrics for the first four months of the year 1936 and the first four months of the year 1935?

A. Yes.

Q. You have included, of course, in this information, exhibit 402, all the imports, whether they were of a class or kind not made in Canada or not?

A. These figures are exactly as stated by the Department of National Revenue. Exactly what they include I am not in a position to state. I imagine they would include that if there were any imports of that nature.

Q. And if they are substantially all composed of goods of a class or kind not made in Canada it will make a very different story as far as the exhibit is

Q. Now

Q. I have very little information in our files on a question of this kind.

Q. Whether it is in your files or out of them.

A. Because my understanding has

been that that aspect of the situation would be dealt

with by the companies who were directly concerned

with that.

Q. I say that you have no information about it

my friends, Mr. Gordon and Mr. Howard both set back

greatly relieved about that answer anyway, Mr. Henry

That was a tense moment there. As far as you are

concerned you have no information about it?

A. Very little, Mr. McNair, relating to the question

you asked.

Q. Now, you have no information in exhibit

402 in reference to the imports into Canada from

Japan of artificial silk fabrics for the first four

months of the years 1936 and the first four months

of the year 1937?

Q. You have included, of course, in this infor-

mation, exhibit 402, all the imports, whether they were

of a class or kind not made in Canada or not?

A. Those figures are exactly as stated by the Depart-

ment of National Revenue. Exactly what they include

I am not in a position to state. I imagine they

would include that if there were any imports of that

nature.

Q. And if they are substantially all composed of

goods of a class or kind not made in Canada it will

make a very different story as far as the exhibit is

concerned?

A. If they were it would be.

Q. Well, we are going to have them broken down.

MR. LANCTOT: We will wait until you have them broken down.

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MR. McRUER: Well, don't feel cross. Now, you brought a lot of fabrics that were being sold in Australia or said to have been. I don't know whether they are said to have been sold in Australia?

A. They were procured in Australia.

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Q. Procured in Australia ; were said to be Japanese fabrics said to be procured in Australia?

A. Yes.

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Q. You got these as a result of a letter that was written on the 16th of January by Courtaulds in Canada to Courtaulds in England?

A. I judge

so from the reading of that.

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Q. Who procured Courtaulds in Canada to write and inquire from Courtaulds in England about this special matter?

A. Would you mind repeating the question?

Q. Who procured Courtaulds in Canada to write to Courtaulds in England about this special matter?

A. I have no knowledge of that.

25

Q. Have you any knowledge of how this material came into your possession?

A. It was handed to me as I stated by Mr. Taylor of Courtaulds of Canada.

30

Q. Did he tell you why he was handing it to you?

A. I am very sorry I did not bring Mr. Taylor's letter to me with me. It would have set forth the conditions

Q. If they were it would be.
A. Well, we are going to have them broken down.
Q. Now, we will wait until you have them
broken down.
Q. Now, well, don't feel cross. Now, you
proposed a lot of parties that were being sold in
Australia or said to have been.
A. I don't know whether
they are said to have been sold in Australia?
A. They were proposed in Australia.
Q. Proposed in Australia; were said to be
Japanese ladies said to be; proposed in Australia?
A. Yes.
Q. You got them as a result of a letter that
was written on the 18th of January by Countess in
Canada to Countess in England?
A. I did.
Q. Now from the reading of that.
Q. Who proposed Countess in Canada to write and
inquire from Countess in England about this
special matter?
A. Would you mind repeating
Q. Who proposed Countess in Canada to write to
Countess in England about this special matter?
A. I have no knowledge of that.
Q. Have you any knowledge of how this material
came into your possession?
A. It was handed
to me as I stated by Mr. Taylor of Countess of
Q. Did he tell you why he was handing it to you?
A. I am very sorry I did not bring Mr. Taylor's letter
to me with me. It would have set forth the conditions

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Berry

under which I got it.

5 Q. How did come to get them? Now, you know, Mr. Berry, all about this. Now just tell us about it. Don't be mysterious about it? You know how this came to you. Let us know. A. These fabrics were handed to me when I happened to call on Mr. Taylor in his office in Toronto.

10 Q. Was there no pre-arrangement with Mr. Taylor that he should inquire from Courtsaulds in England about this matter? A. On our part?

Q. One someone's part? A. Not on our part.

Q. That you know about? A. Not as I know about.

15 Q. Just came from Mr. Taylor without any solicitation from anybody? A. To the best of my knowledge, yes.

Q. Now, this letter says:

"Mr. Gratwick has passed on your letter of the 16th January last for the writer's attention."

20 Did you see the letter of the 16th January?

A. I haven't seen that letter.

Q. You have never seen it? A. No.

Q. Do you know if it is on your files?

25 A. It is not on my files.

Q. "We note your remarks in paragraph two and appreciate all you say. We are sending under separate cover a range of Japanese fabrics which the writer obtained whilst in Australia last year."

30 Now, it is the remarks in paragraph two that I would like to get? A. Would you wish us to

produce them if you care for me to get them from

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Brydie

about which I got it.

Q. How did you come to get them?

MR. BRYDIE: All about this. Now just tell me about it.

Q. Don't be mysterious about it? I know how this

came to you. But we know.

Q. Were handed to me when I happened to call on Mr.

Reyer in his office in Toronto.

Q. Was there any correspondence with him?

Q. That he should handle the correspondence in regard

to the case?

Q. One gentleman's name?

Q. That you know about?

Q. Just came from Mr. Reyer without any solicitor

Q. To the best of my

Q. From the

Q. Yes.

Q. Now, this letter says:

"Mr. Brewster has passed on your letter of the

10th January last for the writer's attention."

Q. Did you see the letter of the 10th January?

Q. I haven't seen that letter.

Q. You have never seen it?

Q. Do you know if it is on your files?

Q. It is not on my files.

Q. We note your remarks in paragraph two and

separate cover a range of Japanese articles which

the writer mentioned whilst in Australia last year.

Q. It is the same in paragraph two that I would

Q. Would you wish us to

Q. I would like to see them

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Courtaulds directly?

Q. Yes, if you can phone to them and get it to-morrow. You see, we are bringing in a letter which purports to cover certain fabrics --

5 THE COMMISSIONER: Read that part again.

MR. McRUER: "We note your remarks in paragraph two and appreciate all you say. We are sending under separate cover a range of Japanese fabrics which the writer obtained whilst in Australia last year".

10 THE WITNESS: We will do our best to have that here to-morrow, Mr. McRuer.

Q. "We notice that your letter refers in particular to 27" Japanese piece dyed all rayon plain taffeta." Evidently there was some inquiry about that.

15 "In the absence of any sizeable pattern showing these qualities we would point out that owing to considerable over-production of taffetas by Japan, prices have been reduced to absurdity as qualities were being landed in Australia and New Zealand during 1935 having paid all duties, primage, 20 commissions, and freight etc. at 3d a yard in widths varying from 28" to 36".

25 Naturally these qualities are not comparable with British or continental manufacture being light in weight and very stripy, but on account of the ridiculously low prices, command large sales."

They would be articles that would meet the needs of very poor people, I take it? A. I cannot

30 tell you, Mr. McRuer, what quality that writer is referring to. He is referring to something that he

Continued from page 1

Q. Yes, it was on phone to them and was in

to answer. You see, we are working in a better

which is possible to get some of the

the company that was in the

A. "We have your records in connection with

and a separate all you say. We are working under

separate cover a foreign Japanese articles which

the writer obtained while in Australia last year.

Q. Now, we will be out here to have that

sent to you, Mr. Brydie.

Q. The notice that your letter came in connection

to the Japanese place and all your plain letters.

Obviously there was some inquiry about that.

"In the course of my article, writer showing

those articles to some point out that some of

connections over-education of letters by some

prices have been reduced to quantity as quality

more than landed in Australia and New Zealand

during 1938 having paid all duties, prices.

connections, and freight etc. at 35 a year in

which was from 25 to 35."

Obviously these articles are not comparable with

written or editorial material being left in

and in very short, but on account of the

ridiculously low prices, current large sales."

They would be articles that would meet the needs of

the company that was in the

Q. Now, Mr. Brydie, what would that article be

referring to. He is referring to something that he

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Berry

has seen to his own knowledge which we have not any information about whatever.

Q. Then, you are going to get me that other letter. I will not trouble you with that any more at the moment. You have on your files a table that will show the percentage of increase of production of rayon in Canada since 1928? A. Rayon yarn?

Q. No, both rayon yarn and rayon fabrics.

A. We have filed the table of the rayon, the annual production of rayon yarn in Canada from 1925 to 1935.

Q. And fabrics as well? A. No, we have not.

Q. Well, you get monthly reports of the production of rayon? A. No, Mr. McRuer.

Q. But the Silk Association does? A. These monthly reports cover both rayon and silk.

Q. Yes, but they are separated? A. Not at all.

Q. Well, you gave a report to the Tariff Board, didn't you, on production of rayon? A. Yes.

Q. Well, you have got that, haven't you?

A. Yes. That one was only just for one year. That table comes from the Census of Industry.

Q. Then you cannot give us -- you are able to give us the production of rayon in Japan over a period of years and how it has mounted and you are able to give the production and imports into other countries over a period of years, and so on, but you cannot give us the production in Canada over a period of years? A. Apparently this table shows

the following figures for the production of rayon in

has been to his own knowledge which we have not
any information about whatever.

Q. Then, you are going to get me that other
latter. I will not trouble you with that any more
at the moment. You have on your table a table
that will show the percentage of increase of produc-
tion of rayon in Canada since 1928? A. Yes, your
Q. No, both rayon yarn and rayon fabrics.
A. We have filed the table of the rayon, the annual
production of rayon yarn in Canada from 1928 to

Q. And fabrics as well? A. No, we have not.
Q. Well, you got monthly reports of the production
of rayon? A. No, Mr. McRae.
Q. But the silk association does?

monthly reports cover both rayon and silk.
Q. Yes, but they are separate? A. Not at all.
Q. Well, you gave a report to the Tariff Board,
didn't you, on production of rayon? A. Yes.
Q. Well, you have got that, haven't you?
A. Yes. That one was only just for one year. That
table comes from the Census of Industry.
Q. Then you cannot give us -- you are able to

give us the production of rayon in Japan over a period
of years and how it has mounted and you are able to
give the production and imports into other countries
over a period of years, and so on, but you cannot
give us the production in Canada over a period of
years?
Q. I am sorry, but I cannot.
The following figures for the production of rayon in

Canada.

Q. I thought I was right.

A. In 1931,

13 million yards, 1932, 15 million yards, 1933, 24 million yards, 1934, 35 million yards.

5

Q. I would like to know what it was in 1935?

A. These figures were prepared by the Census of Industry, Mr. McFuer, and presumably they would have the majority of their returns available for 1935.

10

Q. I thought these figures were prepared by the Textile Institute?

A. No.

Q. Because I understood that the Census of Industry did not have these figures segregated?

A. That is correct.

15

Q. As between artificial silk and real silk?

A. Our own figures, our own monthly figures are not segregated as between silk and artificial silk.

The Census of Industry are segregated according to the classifications you see there, but these figures are Census of Industry figures.

20

Q. At any rate, between 1931 and 1934 the production of rayon in Canada had climbed, that is artificial silk, rather, had climbed from 4 million yards to 20 million yards?

A. According to that table, yes.

25

Q. Or rather I should say from 13 million two hundred thousand to 35 million seven hundred thousand?

A. Yes.

30

Q. Then, there has been a tremendous increase in the last year?

A. I cannot say, Mr. McFuer. I have not any figure on that.

Q. I thought I was right.

A. In 1931, 18 million yards, 1932, 15 million yards, 1933, 12

million yards, 1934, 10 million yards.

Q. I would like to know what it was in 1935?

A. Those figures were prepared by the Bureau of

Statistics, Mr. Secretary, and presumably that would have

the majority of their returns available for 1935.

Q. I thought those figures were prepared by the

Bureau of Statistics.

A. Because I understood that the Bureau of Statis-

tics did not have those figures suggested?

A. That is correct.

Q. We between artificial silk and real silk

are not the same thing, and our country figures are not

suggested as between silk and artificial silk.

The Bureau of Statistics are suggested according to

the classification you see there, but these figures

are Bureau of Statistics figures.

Q. At any rate, between 1931 and 1934 the produc-

tion of rayon in Canada had climbed, that is artificial

silk, whether, had climbed from 4 million yards to

20 million yards? A. According to that table,

yes.

Q. Or rather I should say from 13 million to

hundred thousand to 20 million seven hundred thousand?

A. Yes.

Q. Then, there has been a tremendous increase in

the last year.

I have not any figures on that.

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Q. Have you not observed the production reports as they came in to see that it was climbing?

A. The production reports that we get include silk.

Q. Have you anything to do with the Silk Association?

A. Yes.

Q. What is your office? A. Assistant secretary

Q. And as assistant secretary you compile the returns that are in the Silk Association returns of production? A. They are compiled in my office.

Q. They are compiled in your office? A. Yes.

Q. Do you say there was not a separation of these between rayon and silk? A. That is correct.

Q. That there has never been? A. Not to my knowledge.

Q. At any rate, these are compiled and then there is a committee meeting occasionally that discusses them? A. They are compiled but I have never known them to be discussed in the time that they have been under my supervision by any committee.

Q. Never discussed? A. Not to my knowledge.

Q. They are never considered for any purpose?

A. I have no doubt that the mills find them of interest to them when they are received each month.

Q. But the executive of the Silk Association goes over them, doesn't it? A. Never in my presence.

Q. Do they ask you to retire while we look at this?

A. You must understand, Mr. McRuer, we have an office

Q.

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Have you not observed the production reports

on that case in to see that it was climbing?

A. The production reports that we get include milk.

Q. Have you anything to do with the milk association?

A. Yes.

Q. What is your office?

A. And an assistant secretary you compile the

returns that are in the Milk Association returns of

production?

A. They are compiled in my

Q. They are compiled in your office?

A. Do you say there was not a separation of those

between rayon and silk?

A. That is correct.

Q. That there has never been?

A. Not to my knowledge.

Q. At any rate, these are compiled and then there

is a committee meeting occasionally that discusses

them?

A. They are compiled but

I have never known them to be discussed in the time

that they have been under my supervision by any

committee.

Q. Never discussed?

A. Not to my knowledge.

Q. They are never considered for any purpose?

A. I have no doubt that the milk firm from of late

to them when they are received each month.

Q. But the executive of the Milk Association goes

over them, doesn't it?

A. Never in my

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in Toronto and then in Montreal and quite a number of meetings are held in both, I suppose.

Q. So there is a good bit goes on behind your back?

A. Well, outside of my office.

Q. Well now, I want to know if you have any information in regard to world cartels? A. Excuse me,

Mr. McRuer, may I make a comment on what we have just left. That is, that in the table of rayon yarn

production which we filed it showed a very substantial increase of rayon yarn --

BY THE COMMISSIONER: Q. What is that?

A. In the table of rayon yarn production which we have filed it showed a very substantial increase in the production of rayon yarn in Canada for that period of years, but that increase was only in step with the very substantial increases in the rayon industry all over the world. In other words, the Canadian proportion of rayon yarn production in each of these years was about one per cent of the world's total indicating an expansion in Canada concurrent with an expansion all over the world, but at the same time the Japanese proportion of the world total increased much more rapidly, increasing from two per cent to 24 per cent.

BY MR. McRUER: Q. Without taking you through a lot of correspondence will you not agree that it has been recognized by your association that there was a great over-production in rayon during the latter part of 1935?

THE COMMISSIONER: In Canada?

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in Toronto and then in Montreal and came to a number
of meetings are held in both, I suppose.

Q. Is there is a good bit more on holding your
A. Well, outside of my office.

Q. Well now, I want to know if you have any infor-
mation in regard to world currency? A. I know me.

Mr. McNair, may I make a comment on what we have just
left. That is, that in the table of rayon yarn

production which we filed it showed a very substantial
increase of rayon yarn --

By the Commissioner: A. That is right.

A. In the table of rayon yarn production which we have

filed it showed a very substantial increase in the

production of rayon yarn in Canada for that period a

great, but that increase was only in area with the

very substantial increase in the rayon industry all

over the world. In other words, the Canadian

production of rayon yarn production in each of these

years was about one per cent of the world's total

indicating an expansion in Canada concurrent with

an expansion all over the world, but at the same time

the Japanese proportion of the world total increased

much more rapidly, increasing from two per cent to

84 per cent.

By Mr. McNair: Q. Without asking you through a

lot of correspondence will you not agree that it has

been recognized by your association that there was a

very substantial increase in rayon yarn production

in 1924?

By Mr. McNair: A. Yes.

BY MR. McRUER: Q. In Canada? A. I understand that the rayon weaving mills in Canada had generally considered that there has been some tendency to over-produce during recent months.

Q. We have had it admitted, I think, by Mr. Gordon in the box not long ago, and you understand that?

A. I have heard statements to that effect, yes.

Q. Now, I was going to ask you about world cartels in acetate and rayon yarns; have you gathered information in your capacity as assistant secretary of the Textile Institute in regard to world cartels in these yarns? A. No, I have not.

Q. Have you heard of it at all?

A. I think I have seen somewhere a clipping, a press clipping, to the effect that the Viscose Company in the United States was in some way connected with a rayon company in England but further than that I have not any idea as to any connection between the various companies. I do understand, of course, that there is some connection between the British Celanese and the Canadian Celanese and the American Celanese.

THE COMMISSIONER: What do you mean by the words "world cartel"?

MR. McRUER: Cartels that exist between manufacturers.

THE COMMISSIONER: Of the whole world?

MR. McRUER: World wide cartels.

THE WITNESS: Including Japan?

Q. I would not say including Japan. I wanted to get what information Mr. Berry had because he seems to have done a lot of reading and I am surprised he has not

BY MR. ROY: Is it correct?

and that the reason why it is in Canada has

generally considered that there has been some connection

to over-extended supply recent months.

. We have had it settled, I think, by Mr. Roy.

to the fact that it is, and you are aware of that?

A. I have been statements to that effect, yes.

Q. Now, I was going to ask you about world cartels

in acetate and rayon yarns; have you mentioned any-

thing in your report as assistant secretary of the

Textile Institute in regard to world cartels in these

commodities?

A. Have you heard of it at all?

A. I think I have seen somewhere a clipping, a news

clipping, to the effect that the viscose company in

United States was in some way connected with a rayon

company in England but further than that I have not

heard as to any connection between the various companies

I do understand, of course, that there is some connection

between the British Celanese and the American Celanese

and the American Celanese.

Q. Now, I want to ask you again by the way

whether or not you have any information in this regard

MR. ROY: Cartels that exist between manufacturers

of rayon and acetate in the world?

MR. ROY: World wide cartels.

Q. Now, I want to ask you again

. I would not say including Japan. I wanted to

get that information. Mr. Roy had because he seemed

have done a lot of reading and I am surprised to find

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read this?

A. Well, I have not.

Q. You never heard of it?

A. Outside of what

seems to be common knowledge that there is a connection between the various celanese companies; that is only hearsay with me.

Q. I know it is only hearsay. There is a lot we got here to-day which was hearsay. You were not in the Philippines or Japan or Sudan or any place. I am just taking you around the world again. I want to know if you can give me information from your files that has come to you in connection with world cartels in either acetate or viscose yarn?

A. As far as I know there is no information on my files on that point at all. If there is I would be very pleased to furnish it.

Q. But you have heard of such things. Now, if there is a world cartel, with the exception of Japan, in acetate and viscose yarns and if Japanese goods are entirely excluded from the Canadian market we are in the hands of the world cartel, are we not?

A. Would you mind repeating that question?

Q. I suggest you read some of Mr. Sparks on acetate yarns.

THE CHAIRMAN: Well now, we will adjourn until 10 o'clock to-morrow morning.

-- The Commission adjourned at 5 o'clock p.m., Tuesday, June 9th, 1936 to resume at 10 o'clock a.m., Wednesday June 10th, 1936.

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read brief

1. Well, I have not.

2. You never heard of it?

3. I have not.

4. It is a common knowledge that there is a connection

between the various religious organizations; that is why

they are all connected.

5. I know it is a religious organization.

6. It has been to-day which was mentioned. You were not

in the Philippines or Japan or Korea or any other place.

7. I am just asking you about the world again. I want to

know if you are alive and how you are from your home

that you came to you in connection with the world again.

8. As far as I am concerned, I am not in any other country or any other place.

9. I know there is no information on my file on that

point at all. If there is I would be very glad to

be informed.

10. I am not sure if you are still in the same place.

11. There is a world of difference, with the exception of Japan,

in which the various religions are all connected and are

connected with the various religions and are in

the hands of the world again, are we not?

12. I would like to know if you are still in the same place.

13. I am not sure if you are still in the same place.

14. I am not sure if you are still in the same place.

15. I am not sure if you are still in the same place.

16. I am not sure if you are still in the same place.

17. I am not sure if you are still in the same place.

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE A.F.A. TURGEON,

Commissioner,

A. S. Whiteley, Secretary,

FORTY - SIXTH DAY

(June 10th, 1936)

Robert Brydie,
Official Reporter.

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ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

A p p e a r a n c e s :

J.C. McRuer, K.C. and)

E. Beauregard, K.C.) Commission Counsel,

J.P. Lanctot, K.C.)

and)

15 R.L. Kellock, K.C.) For Special Committee of
Primary Textile
Industries.

C.G. Heward, K.C.)

Aime Geoffrion, K.C.)

and)

C.T. Ballantyne,)

For Dominion Textile Co.
and Montreal Cottons,
Company, Limited.

S.G. Dixon, K.C.

For Courtaulds Limited.

20 L.A. Forsyth, K.C.

For Canadian Celanese
Limited, and Canadian Silk
Products Limited.

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... 1985-1986, 1987-1988

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For Dominion Party's Co.
Company, Limited.

ILLINOIS, and Generation with

Montreal, P. Que.
10th June, 1936

-- The Commission resumed at 10 A.M.

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W. M. BERRY, CROSS-EXAMINATION

BY MR. McRUER (Resumed)

Q. Is there something you want to say, Mr. Berry?

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A. Yes. Your lordship, when I went to the office last evening, I found that some further information had come to hand yesterday with regard to the change in duties in Australia, on which we had only partial information yesterday; so that I have brought this information. I have only one copy, unfortunately, my lord, which I wish to file to amplify and complete the statement of yesterday with regard to Australian duties.

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BY THE COMMISSIONER: Q. That is a new exhibit, is it?

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A. Yes, my lord.

THE COMMISSIONER: That will be Exhibit 408.

EXHIBIT 408: Extract from Manchester Guardian
May 23, 1936, re Australian duties.

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Q. What is, it, Mr. Berry? A. This is taken from the Manchester Guardian of May 23rd, 1936.

It reads:

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"The important tariff concessions made yesterday by the Australian Government on cotton and rayon piece goods may be summarized as follows:

1941

Montreal, P. Q.
June 1941

-- The Commission resumed at 10 A.M.

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THE COMMISSION

Mr. J. G. (assumed)

Is there something you want to say, Mr. Henry?

A. Yes. Your lordship, when I went to the office

last evening, I found that some further information

had come to hand yesterday with regard to the charges

in relation to the matter, on which we had only partial

information yesterday; so that I have brought this

information. I have only one copy, unfortunately,

my lord, which I wish to file to amplify and complete

the statement of yesterday with regard to the matter.

Thank you.

By the court: That is a new exhibit, is it?

A. Yes, my lord.

What is it, Mr. Henry? That will be Exhibit A-1.

Exhibit A-1 is a report from the Montreal Commission, dated June 1941, regarding the matter.

A. That is it, Mr. Henry? This is Exhibit A-1.

From the Montreal Commission of May 1941.

It is

"The important fact is that the

statement by the Montreal Commission on the

major piece of evidence may be summarized as follows:

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| | <u>Per Square Yard,</u> | | |
|----------------|-------------------------|-------------------|-------------------|
| | <u>British</u> | <u>Inter-</u> | <u>General</u> |
| | <u>Preferential,</u> | <u>mediate,</u> | |
| Grey, | x $\frac{1}{2}$ d | 2 $\frac{1}{2}$ d | 2 $\frac{3}{4}$ d |
| Bleached, | x $\frac{1}{2}$ d | 2 $\frac{3}{4}$ d | 3d |
| Printed, piece | | | |
| dyed or yarn | | | |
| dyed, | x $\frac{1}{2}$ d | 3 $\frac{1}{2}$ d | 3 $\frac{1}{2}$ d |
| Rayon piece | | | |
| goods | 1 $\frac{1}{2}$ d | 8d | 9d |

Goods ordered
before Mar. 15
and delivered
before Nov. 30
will be admitted
under by-law
at rates of

 $\frac{1}{2}$ d.

3d.

3d.

Note: x:- Or 5 per cent, whichever is lower."

It also gives a statement of the intention of the Australian Government in revising their cotton and rayon duties, a statement made by the Deputy Prime Minister of Australia and Minister of Commerce, who is at present in London; his statement is, in short, that the tariff changes, as a whole, were designed:

1. To strengthen the position of United Kingdom exports in the Australian market.

2. To place the service of Australia's overseas debts on a sound and permanent basis.

3. To promote indirectly the Australian export trade.

4. To encourage, consistent with the Ottawa Agreement, the development of Australian secondary industries.

5. To reduce Australia's unemployment, and thus

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BOTTY - 12

| General | | Inter- national, mediate | | British Treaty | |
|---------|-----|-----------------------------|-----|-------------------|---|
| 850 | 850 | 850 | 850 | x 10 | Grey, |
| 850 | 850 | 850 | 850 | x 10 | Blanchard, |
| 850 | 850 | 850 | 850 | x 10 | Blanchard, piece died or torn died, |
| 850 | 850 | 850 | 850 | x 10 | Rayon piece |

Goods ordered
before 10.15
and delivered
before 10.30
will be submitted
under 10.15

Note: K- 07 5 per cent, whichever is lower."

It also gives a statement of the intention of the
Australian Government in revising their tariff and
tariff duties, a statement made by the Deputy Prime
Minister of Australia and Minister of Commerce, who is
at present in London; his statement is, in short,
that the tariff changes, as a whole, were designed:

1. To strengthen the position of United Kingdom
exports in the Australian market.
2. To place the services of Australia's overseas
trade on a sound and permanent basis.
3. To promote indirectly the Australian export

4. To encourage, consistent with the terms

agreement, the development of Australian secondary

5. To reduce Australia's unemployment, and thus

to expedite the time when migration can be resumed."

And attached to this exhibit is another article from the same paper of the same date summarizing the effects of the change, as far as Japan is concerned. It reads:

"The details of the duties are given on another page, with figures showing the severe effects that the changes will have on Japanese exports to Australia. The effects on Japanese exports to Australia may be seen from the following figures:-

| | <u>Average duty per sq. yd.</u> | |
|--------------------|---------------------------------|-----------------|
| | <u>Old duty</u> | <u>New duty</u> |
| | d | d |
| Cotton: | | |
| Grey cloth | 0.86 | 2.75 |
| Bleached, | 0.92 | 3.0 |
| Printed or dyed, | 1.06 | 3.5 |
| Rayon piece goods, | 2.68 | 9.0" |

MR. KILLOCK: Perhaps you had better make it clear to his Lordship, Mr. Berry, that the general rate applies to Japan, not the intermediate.

THE WITNESS: Yes, my lord.

BY MR. McRUER: Q. Mr. Berry, have you figured out to determine, whether or not the new duties are higher or lower than the duties that are prevailing in Canada now, when you take into consideration the dump duty, the currency dump, and all those matters? A. No, Mr. McRuer. I just received that last night.

Q. All right, I will do that for you? A. Thank you.

Q. Now, Mr. Barry, the Canadian manufacturers did not export to any of these markets that you were discussing yesterday, that is, the Sudan, Egypt, India, China, or any of these, did they? A. The only market to which they have any export whatever, of any importance, is Australia.

Q. Yes, and to what extent did they export to Australia; can you tell me that? A. I cannot give you the value, Mr. McRuer.

Q. Well, the figures, approximately? A. The approximate yardage?

Q. I would like to have it accurately, if you can. A. The approximate yardage of cotton goods would be in the neighbourhood of 200,000 yards last year.

Q. The approximate yardage would be in the neighbourhood of 200,000 yards last year? A. Yes, Mr. McRuer.

Q. So that with the duties that prevailed in Australia last year, the Canadian manufacturers, in competition with the British manufacturers, were able to export 200,000 yards? A. Yes, for a very special reason.

Q. What was the special reason? A. That the export was principally, - I should say in large part exports of tire fabric from a Canadian Cotton Mill, owned by a company who operates a tire product plant in

All right, I will do that for you.

Now, the first, the British manufacturers.

did not export to any of these markets that you were

discussing yesterday, that is, the United States,

India, China, or any of these, did they? A. The

only market to which they have any export whatever,

of any importance, is Australia.

A. Yes, and to what extent did they export to

Australia; can you tell me that? A. I cannot give

you the figures, but I can tell you.

A. Well, the figures, approximately? A. The

figures are approximately as follows:

A. I would like to have it country, if you can

A. The approximate yardage of cotton goods would be

in the neighborhood of 20,000 yards last year.

A. The approximate yardage would be in the neighborhood

of 200,000 yards last year? A. Yes, Mr. Chamberlain.

Now, the second, the Canadian manufacturers.

A. So that with the duties that prevailed in

Australia last year, the Canadian manufacturers, in

competition with the British manufacturers, were not

able to compete? A. Yes, Mr. Chamberlain.

Now, the third, the American manufacturers.

A. That was the question, was it not?

Yes, Mr. Chamberlain. - I should say in 1890 and

1891 the American manufacturers were not able to

compete with the British manufacturers.

Australia.

Q. Well, the tire fabric was made here, was it not?

A. Yes, sir.

Q. Made by Canadian workmen?

A. At the

mill operating by this tire company.

Q. I do not care what mill made it, they had to pay their workmen in Canada in Canadian wages, did they not?

A. Yes.

Q. Yes. What company was that?

A. The Good-

Year Cotton Company.

Q. Has the Good Year Cotton Company got a tire fabric works in Great Britain?

A. I cannot tell you,

Mr. McRuer, I don't know.

Q. Well, to what extent were the Canadian rayon producers selling rayon in Australia?

A. I am sorry,

Mr. McRuer, I haven't the figure at all; I haven't any idea whatever; I haven't seen the figures at all.

Q. We have had some manufacturers who have told us?

A. Yes, I understand there have been, but to

what extent I cannot say.

Q. You do not know then in your searches in regard to Japanese competition and the selling of Japanese goods in Australia, just how far Canadian manufacturers have been shipping to Australia and selling in competition with the Japanese over there?

A. No.

Q. You have no information on that?

A. No, I

haven't any information. I could easily get it for you, Mr. McRuer.

Australia.

Q. Well, the time fabric was made here, was it not?

A. Yes, sir.

Q. Made by Canadian workmen?

A. Will of course by this time company.

Q. I do not care what will make it, they are to

pay their workmen in Canada in Canadian money, did they?

A. Yes.

Q. Yes. What company was that? A. The Good-

will of course by this time company.

Q. Has the Good Year Cotton Company got a time

fabric works in Great Britain? A. I cannot tell.

Q. Well, I don't know.

Q. Well, to what extent have the Canadian people

producers selling rayon in Australia? A. I am sorry

Mr. Brydie, I haven't the figures at all; I haven't

any idea whatever; I haven't seen the figures at all.

Q. We have had some manufacturers who have told

us? A. Yes, I understand there have been, but to

what extent I cannot say.

Q. You do not know then in your experience in regard

to Japanese competition and the selling of Japanese

goods in Australia, just how far Canadian manufacturers

have been shipping to Australia and selling in

competition with the Japanese over there? A. No.

Q. You have no information on that? A. No, I

haven't any information. I could easily see it for

you, Mr. Brydie.

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Mr. Berry

Q. All I want to know is whether you have any or not? A. No.

Q. If you have I want to see it. If not, we can get it other ways probably without troubling you, Mr. Berry. Now, was the British Preference raised or lowered in the revision that just took place in the Australian tariff? A. I do not believe you could tell, Mr. McKuer; the one is entirely ad valorem and the other entirely specific, and without a lot of information on the average weight and value of exports to Australia I could not say.

Q. If see. We can probably get that, Mr. Berry. So that you do not know whether Canadian manufacturers will have a better access to the Australian market as the result of these duties, or worse? A. No, I cannot say other than that the tremendous jump in Japanese duties must have some effect on imports from other countries, whatever country is shipping there.

Q. Well, but I mean whether they have lowered them in favour of Canada or raised them, you don't know that? A. No, I cannot tell.

Q. Well then, as far as these countries like the Philippines, Egypt, and the Sudan are concerned, they do not produce rayon; Haiti, I think was one you mentioned, and I am sure they have no factories there, and the question of raising the duties against Japan that you told us about is a question of penalizing

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Q. Now I want to ask you a question. Is it not, we
can get it from other sources, possibly without travelling, for
the British Government raised
the Australian tariff? A. I do not believe you
could tell, Mr. Weston; the one is entirely ad valorem
and the other entirely specific, and without a lot
of information on the average weight and value of
exports to Australia I could not say.
Q. It is, we can probably get that, Mr. Weston.
So that you do not know whether Canadian manufacturers
will have a better chance in the Australian market
as the result of these duties, or worse? A. No,
I cannot say other than that the tremendous jump
in Japanese duties must have some effect on exports
from other countries, whatever country is shipping
to Japan.
Q. Now, I cannot tell.
A. Well, then, as far as these countries like the
Philippines, Egypt, and the Sudan are concerned,
they do not produce rayon; Haiti, I think was one
not mentioned, and I am sure they have no factories
there, and the question of raising the duties against
Japan that you told us about is a question of tariff

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the inhabitants in favour of some other countries that want to supply the inhabitants with goods at a higher price? A. I presume the changes in duties were made by the governments of these countries that you mentioned, and must have some connection with the wishes of the people who live there.

Q. No, no, I am getting at the economic effects there. Take the Philippines, for instance: They do not make rayon in the Philippines, so that they cannot take the argument that is put forward here - that it is done in the interests of the working man. Then if the United States loses the market in the Philippines to the Japanese manufacturers, it is because the inhabitants of the Philippines are buying cheaper from Japan than from the United States.

A. Undoubtedly, the inhabitants of the Philippines were buying cheaper from Japan than from the United States.

Q. So that if the tariff is put up as against Japan just to make the inhabitants buy more goods so that the United States or other countries would get the market? A. I would like to state that in a different way.

Q. Well, even if you state it in a different way, do you disagree with that as being a correct statement of it? A. I would like to compare it with mine, Mr. McRuer.

BY THE COMMISSIONER: Q. What is that you say,

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Berry

the inhabitants in favor of some other countries
must want to supply the inhabitants with goods at a
higher price? . . . I presume the changes in duties
were made by the governments of these countries that
you mentioned, and must have some connection with the
wishes of the people who live there.
.. No, no, I am getting at the economic effects
there. Take the Philippines, for instance: They
do not make rayon in the Philippines, so that they
cannot take the argument that is put forward here -
that it is done in the interests of the working man.
Then if the United States loses the market in the
Philippines to the Japanese manufacturers, it is
because the inhabitants of the Philippines are paying
cheaper from Japan than from the United States.
.. Similarly, the inhabitants of the Philippines
were buying cheaper from Japan than from the United
States.
.. So that if the tariff is put up as against
Japan just to make the inhabitants buy more goods so
that the United States or other countries would get
a . . . I would like to state that in a
different way.
.. Well, even if you state it in a different
way, do you disagree with that as being a correct state-
ment of it? . . . I would like to compare it with
also, Mr. . . .

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Mr. Berry?

5 BY MR. McRUER: Q. Well, why do you suppose the inhabitants would buy their rayon from the United States rather than from Japan; what could these poor inhabitants have in their minds when they want to buy from the United States, and they want to shut Japan out, get away with your stuff, we have been buying it before but we don't want to buy any more.

10 THE COMMISSIONER: The question is not what they wish but what they are doing; what is the effect on the consumer?

15 BY MR. McRUER: Q. You agree as far as the effect on the consumer is concerned that he has got to pay a higher price in order to give the market to some other country? A. I cannot tell you specifically in regard to the Philippines, but it is stated with regard to Australia that a very substantial portion of the rayon market is still being left to Japan.

20 Q. It is still being left to Japan? A. Yes.

Q. Intentionally, it is still being left to Japan? A. That is the express intention of the Australian Government.

25 Q. Oh, I see. Well, that is of some interest. Where did you learn the expressed intention of the Australian Government? A. It is contained in one of these exhibits, Mr. McRuer.

30 Q. I see. Well, I will take your word for it, that you have read in one of the exhibits that you have filed something that indicates that the Australian

MR. MCKINLEY: Well, why do you suppose the
inhabitants would buy their sugar from the United
States rather than from Japan; what could these
inhabitants have in their minds when they want to
buy from the United States, and they want to shut
Japan out, get away with your stuff, we have been
buying it before but we don't want to pay any more.
THE COMMISSIONER: The question is not what they
wish but what they are doing; what is the effect

BY MR. MCKINLEY: You agree as far as the effect
on the consumer is concerned that he has got to pay
a higher price in order to give the market in some
other country?
A. I cannot tell you specifically
in regard to the Philippines, but it is stated with
regard to Australia that a very substantial portion
of the rayon market is still being left to Japan.
A. Yes. It is still being left to Japan?

A. Intentionally, it is still being left to Japan?
A. That is the express intention of the Australian
Government.
A. Oh, I see. Well, that is of some interest.

What did you learn the expressed intention of the
Australian Government? A. It is contained in one
of these exhibits, Mr. McKinley.
A. I see. Well, I will look you up and see
that you have read in one of the exhibits that you have

Government intended to leave a certain portion of the rayon market in Australia with Japan? A. Yes.

Q. Did this article say why the Australian Government intended to leave a certain portion of the market for Japan? A. No, I believe not.

BY THE COMMISSIONER: Q. Is there any reciprocity about, it, about Japan buying Australian wool?

A. Japan does buy considerable quantities of Australian wool, especially during the last two crop years.

BY MR. McRUER: Q. As a matter of fact, what Australia felt was, that if they cut Japan off altogether they would lose the market for their wool?

A. A market for their wool.

MR. KELLOCK: Exhibit 364, Mr. McRuér.

MR. McRUER: Well then, let us see what they say there.

MR. KELLOCK: The second page.

MR. McRUER: Starting at the foot of the first page.

"Similarly, in the case of artificial silk, which can be purchased in Australia cheaper than cotton, the Government has exhaustively attempted to reach a friendly arrangement with Japan under which cotton and artificial silk exports to Australia will be curtailed to an agreed basis, but after weeks of effort, negotiations were unsuccessful. Practically all other important countries have controlled these imports.

Japan herself imposes a duty of 100 per cent.

Government intended to leave a certain portion of the wool market open to Japanese wool.

Q. Did this article say why the Australian Government intended to leave a certain portion of the wool market open to Japanese wool?

A. No, I believe not.

Q. Is there any reciprocity between Australia and Japan buying Australian wool?

A. Japan does buy considerable quantities of Australian wool, especially during the last two crop years.

BY MR. WOODWARD: As a matter of fact, what Australian felt was, that if they cut Japan off also -

Q. They would lose their wool.

A. A market for their wool.

MR. WOODWARD: Well then, let us see what they say.

THE SECOND PAGE.

MR. WOODWARD: Starting at the foot of the first page,

"Similarly, in the case of artificial silk, which can be purchased in Australia cheaper than cotton, the Government has exhaustively attempted to reach a friendly arrangement with Japan under which Japan will be entitled to an agreed basis, but after weeks of effort, negotiations were unsuccessful. Practically all other important countries have controlled these imports."

Japan herself imposes a duty of 100 per cent.

on artificial silk Japan will continue to be the principal supplier of rayon to Australia, as well as sending a substantial proportion of the cottons. The duties are to be in no way discriminatory, but will be applied on the principle of 'the most-favoured nations.'

Lower intermediate tariff rates have been inserted, enabling Australia to negotiate with good customer countries interested in supplying these textiles."

And it goes on to speak of motor chassis.

Q. Is that what you had reference to?

A. Yes.

(Page 6325 follows)

on artificial silk Japan will continue to be the
principal supplier of rayon to Australia, as
it is sending a substantial proportion of
the cottons. The duties are to be in no way
discriminatory, but will be applied on the
principle of 'the most-favoured nations'.
Lower intermediate tariff rates have been
inserted, enabling Australia to negotiate with
other nations without prejudice to supplies
these tariffs."
And it goes on to speak of motor chassis.
It is that that you had reference to?
Yes.

(The end of the interview)

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Q. So that with the duties that have been recently adopted they have evidently planned that Japan is to substantially supply the market in Australia with rayon? A. Yes sir.

Q. Do they have manufacturers of rayon in Australia? A. I would judge that they have from the imports of rayon yarns but it might be that that rayon yarn is entirely used for knitting, which would not be competing with the Japanese imports of rayon piece goods. I have not--

Q. The Japanese knit too? A. I have not any information that there is any substantial quantity of Japanese knitted rayon goods going into Australia.

Q. Do not those gloves and things of that sort we heard about coming into the United States go into Australia too? A. That was wool, Mr. McNair.

Q. I notice in the first paragraph of this letter this sentence: "Under this system 2, 290,000 pounds worth of imports will be diverted to favoured nations, to the United Kingdom, Australian manufacturers and to good customer nations." Of course, this article deals with a lot more than rayon so that it does not give us much information?

A. Yes.

Q. Have you got that book that we had yesterday, that "Organon"? A. Yes.

Q. So that with the duties that have been recently adopted that have evidently placed that Japan is to substantially supply the market in Australia with rayon?

A. To they have manufacturers of rayon in

Australia? A. I would judge that they

have from the imports of rayon yarns but it might be

that that rayon yarn is entirely used for knitting,

which would not be competing with the Japanese in-

ports of rayon yarns.

Q. The Japanese knit too? A. I have not

any information that there is any substantial quan-

tity of Japanese knitted rayon goods coming into

Q. Do not those gloves and things of that sort

we heard about coming into the United States go

into Australia too? A. That was wool.

Q. I notice in the first paragraph of this

letter this sentence: "Under this system 2,

250,000 pounds worth of imports will be delivered to

favoured nations, to the United Kingdom, Australian

manufacturers and to most customer nations."

Q. This article deals with a lot more than rayon

so that it does not give us much information?

A. Yes.

Q. Have you not that book that we had yester-

day, that "Organon"? A. Yes.

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Berry

MR. KILLOCK: Here it is.

MR. McRUER: Q. In regard to the United States duty on rayon - in this booklet that you read from yesterday, the Textile Organon for 1935, I see a paragraph appearing in the issue of May 10th, 1935, at page 72 that deals with Japanese rayon products and the United States. You are familiar with that?

A. I have read it.

Q. Well, may I say this that up to date the same rate of duty applies in the United States as existed in May, 1935?

A. On?

Q. On rayon goods?

A. I believe so, yes.

Q. But it changes on the 15th of June to a lower scale?

THE COMMISSIONER: The 20th of June.

MR. McRUER: Q. Changes at any rate this month to a lower scale - you know that?

A. No, I have not any information about that.

Q. Oh, you are going to learn about these reductions?

A. I would like very much to go into that at the moment. Do you know where the source of that information is?

Q. Well, Mr. Hooper is the source of my information. I rely on him, on his wisdom in connection with tariff matters. At page 72, at any rate, on the duties as they were before, here is what this journal says:

"To date the only Japanese rayon items of

Q. Now, in regard to the United States
duty on sugar - in this booklet that you saw
the Tariff Commission for 1935, I saw a
paragraph appearing in the issue of May 1935, 1936,
at page 72 that deals with Japanese sugar products
and the United States. You are familiar with that?
A. I have read it.
Q. Well, may I say this that up to these two
years rate of duty applied in the United States as
existing in May, 1935?
A. Yes.
Q. On sugar products?
A. I believe so, yes.
Q. But it changes on the 1st of June to a
lower rate.
A. Yes.
Q. The Tariff Commission: The Book of June.
Q. Now, you are going to learn about these re-
solutions. A. I would like very much to be
into that at the moment. Do you know where the
source of that information is?
Q. Well, Mr. Harper is the source of it.
Q. I rely on him, on his statement in connec-
tion with tariff matters. At page 72, at any rate,
on the duties as they were before, here is what
it says:
"To date the only Japanese sugar items of

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of any importance imported into the United States have been rayon waste, certain wearing apparel items, and pedaline braids. There has been some importation of rayon woven goods items, but in spite of phenomenally low prices quoted for these goods, this business still appears to be relatively small."

A. Yes.

Q. "The accompanying Table III gives the complete 1933 and 1934 data on rayon products imported into the United States from Japan. These data represent imports for consumption, and not general imports which presumably have been proportionately higher than allow for bonded warehouse stocks.

Rates of duty on 150 denier rayon yarn in this country are 45 cents specific or 45% ad valorem. Recalling the Japanese cost of rayon production and the foregoing average value of Japanese rayon yarn exported, it will be seen that the specific tariff rate of 45 cents today is none too adequate."

That is what you gave us before?

A. Yes.

MR. McRUER: Now, the Table which shows the United States imports for consumption of rayon, containing items, appears on page 73 and I would like to just have a copy made, if you please, and might have it filed as an exhibit. It is a very involved Table.

TABLE 111

U.S. IMPORTS FOR CONSUMPTION OF RAYON AND RAYON - CONTAINING ITEMS
POUNDS AND DOLLAR VALUES OF TOTAL IMPORTS AND IMPORTS FROM JAPAN ONLY FOR 1933 AND 1934

SCHEME O

MANUFACTURES OF RAYON OR
OTHER SYNTHETIC TEXTILES

TARIFF

1934

CLASSI-
FICATION

Number

Pounds

Dollars

FROM ALL COUNTRIES

FROM JAPAN ONLY

%

from

FROM ALL COUNTRIES

Pounds

Dollars

FROM JAPAN ONLY

Pounds

Dollars

%

from

Japan

RAW MATERIALS

Artificial Horsehair (Fila-
ments over 30" long)

3800.0-.2

7,967 \$ 9,578

None

None

9%

13,447

\$ 15,544

None

None

0%

Yarns, Singles and Piled

3801 & 02

77,391 60,411

260

94

0.3

934,109

653,211

400

200

0.1

Waste (exc. Acetate 8250.1')

Noils, Tops, Silver, etc.

3805

1,327,884

184,019

405,951

55,180

30.5

2,548,119

426,049

337,138

38,736

13.2

Staple and Cut Fiber (Fila-
ments less than 30" long)

3810

214,992

71,281

None

None

0

3,301,894

1,072,941

None

None

0

Spun yarn, Singles and Piled

3812

7,533

6,118

23

28

0.3

19,479

19,633

25

17

0.1

Visca (Bands and Strips
less than 1" wide)

3815

27,143

26,969

None

None

0

81,882

64,881

None

None

0

WOVEN FABRICS

Woven Fabrics (except Pile.)

383.01-.06

181,461

509,890

10,078

8,422

5.5

248,831

590,497

7,272

6,123

2.9

Pile Fabrics (Velvets, etc.)

383.11-.32

7,771

36,227

824

673

10.6

12,591

61,874

97

46

0.8

Knit Fabric in the Piece

383.50

115

730

None

None

0

406

1,404

8

4

2.0

WEARING APPAREL

Knit or crocheted apparel

384.00-.05

49,407

176,330

16,914

14,619

34.2

74,663

274,867

6,181

7,836

8.3

Not Knit or Crochet. Apparel

384.06-.08

47,751

151,525

22,108

26,037

46.3

89,243

296,470

28,050

28,672

31.5

Embroidered and Lace Apparel

384.09-.10

321,470

309,381

96.4

134,717

114,488

85.1'

Other Rayon-Containing Items

Handkerchiefs & woven Mufflers

3850.0-.5

10,687

25,907

2,544

2,326

25.5

5,070

18,448

365

633

7.2

Laces and Embroideries and

Articles thereof

386.00-.20

510,171

28,188

5.5'

390,449

24,867

6.4'

Narrow Fabrics, Incl. Elastic

386.30-.33

11,068

35,843

3,352

2,704

33.5

21,093

58,716

1,719

1,091

8.6

Rayon Tubing

386.34

Cords and Tassels

386.35

121

409

64

44

53.0

197

275

43

43

21.8

Braids -Chief Value Rayon

386.40-.42

10,712

19,210

None

None

0

15,334

34,908

420

966

2.7

Bedspreads

386.45

731

658

1

5

0.1

155

455

None

None

0

Other manufactures N.S.P.F.

386.50

15,245

25,207

6,339

4,422

41.6

10,517

21,391

4,709

3,361

44.7

EXHIBIT 409: Organon for 1933 - 34,
Table of U.S. imports for
consumption of rayon, and
rayon - containing items
for 1933 and 1934.

5 MR. McRUER: Mr. Hooper has furnished me with a
United States bulletin that shows that the change in
the rayon tariff comes in on the 15th June. The
cotton is on the 20th of June.

10 THE COMMISSIONER: In the case of cotton goes
up.

MR. McRUER: Yes.

15 Q. Exhibit 395 that is filed purports to be a
statement of the reported present cost of rayon yarn
production in five leading countries - would that be
for the year 1935? A. The report was
issued in January of 1935.

20 Q. That, then, would probably be the cost for
the year 1934? A. Would be probably based on
operating figures during 1934, I could not say.

Q. Now, the total cost per pound in the United
States for rayon yarn appears to be 44.5 cents?

A. Yes, according to this statement.

Q. In Great Britain 38.4 cents? A. Yes.

25 Q. In Germany 33.4 cents? A. Yes.

Q. In Italy 23 cents? A. Yes.

Q. Japan 16.2 cents? A. Yes sir.

30 Q. Can you tell me how much rayon yarn was
selling for in Canada at the time when this was com-
piled? A. Do you mean the average price of

rayon yarn?

Q. We have got something here, - I don't know whether it is the average; it says reported cost on rayon yarn. I do not know whether this is average or some particular yarn or what it is. I want for the same thing.

THE COMMISSIONER: What is that document?

MR. MERUER: Exhibit 395. It was filed by Mr. Berry.

THE WITNESS: This is the original of that, your Lordship.

MR. MERUER: Q. Is there anything in the original that tells us what it is, what denier?

A. No, I have made attempts to secure the source of this report of the Japan Cellulose Importers, Ltd. for 1935 but I have not been able to do so.

Q. The difficulty we are in the Japanese cost may be on one denier and the United States on another, Great Britain on another and Germany on another?

A. Here is another statement of the reported Japanese cost on woven yarn production in 1934 which gives a total cost of 16.4 cents per pound as compared with the reported cost of the Table beside it of 16.2. The figures vary slightly.

Q. I know, but what I am concerned about is what these costs for Great Britain, United States, Germany and Italy - whether they are on the same basis as the Japanese costs or whether they are on a different basis?

... we have got something here, - I don't know

whether it is the same; it was reported cost

on Japan here. I do not know whether this is average

on some one hundred year or that it is. I don't know

The cost of the : that is that government

Mr. ... Exhibit 295. It was filed by ...

Henry.

The ... this is the original of ...

cost ...

Mr. ... as there ...

original that tells us what it is, what ...

I. No, I have ... to secure the source of

this report of the Japan ...

for 1935 but I have not been able to do so.

The difficulty we are in the ...

may be on one ... the United States on

another, ... and Germany ...

4. Here is another statement of the

reported Japanese cost on woven yarn production in

1934 which gives a total cost of 16.4 cents per

yard as compared with the reported cost of the ...

... of 16.5. The ...

... I know, but ...

what these costs ...

Germany and Italy - whether they are on the same

basis as the Japanese costs or whether they are on a

different basis

THE COMMISSIONER: Q. What bothers me, take pulp and chemicals - why should they be so much cheaper in Japan than the other countries? A. My Lord, possibly one explanation of that would be that all heavy chemicals used in Japan or a great proportion of heavy chemicals used in Japan are produced in Japan.

MR. McRUER: Q. Are you sure of that? A. A great proportion.

THE COMMISSIONER: Where do they get their pulp from - from Scandinavia?

MR. McRUER: My recollection is that the Japs imported practically all their raw materials.

THE COMMISSIONER: Yes, that is what I thought too.

MR. McRUER: I have a letter about it.

MR. KELLOCK: As to pulp I will be able to give your Lordship the specific information with another witness.

THE COMMISSIONER: The most of it comes from Norway.

MR. KELLOCK: No, the most comes from Japan or from Japanese possessions.

THE COMMISSIONER: The pulp is produced right in Japan?

MR. KELLOCK: Yes, either Japan proper or Manchuko, if that is the way to pronounce the new territory. The importation is relatively small.

4001

... that before we, ...

... and chemicals - why do they go to such

... in Japan than the other countries ...

... possibly one explanation of that could be that

... in Japan ...

... portion of heavy chemicals used in Japan are pro-

duced in Japan.

Q. Now, ... Are you sure of that?

THE WITNESS: There is then get their ship

from - from ...

Q. Now, ... my recollection is that the ...

imported practically all their raw materials.

Q. Now, ... Yes, that is what I thought

... I have a letter about it.

Q. Now, ... As to help, I will be able to give

you ... the specific information with respect

to that.

... the ...

Q. Now, ... the ...

... or that Japanese ...

... The ship is produced in ...

... the ...

... of that is the way it is produced and the

... the ...

6333

Berry

THE COMMISSIONER: If you can give us that, all
right.

MR. KELLOGG: I will be able to give it to your
Lordship.

MR. MORRIS: Q. What is this? A. This is
statement of analysis of the imports of pulp into
Japan for the first ten months of 1933 and for the
year 1934.

Q. The first ten months of 1935? A. Yes.

Q. In that would be included some period during
which the surtax and embargo practically was on
Canadian pulp? A. Yes.

C. Brought about by the trade disagreement?

A. Yes sir.

THE COMMISSIONER: Q. What do you find?

A. During 1934 the figures of imports for pulp
are not segregated according to purpose. These
imports into Japan, figures secured from the Canadian
Government Legation at Tokyo. During 1934 the import
figures were total period and no separation made as
to whether to be used for pulp or paper. It shows
total imports in 1934 of 508,821,000 lbs. and
Canada supplied 90,680,000 lbs. In 1935, the ten
months figures are separated for purposes as between
rayons and paper and the total import from Canada of
pulp for rayon was 15,223,000 lbs. out of total import
for rayon of 243,341,000 lbs.

Q. I see that Norway provided 68 million pounds?

... If you give us that, all

... I will be able to give it to you

... That is this

statement of analysis of the imports of pulp into
Japan for the first ten months of 1955 and for the

... The first ten months of 1955

... In that would be included some pulp during

which the surplus and embargo were really was on

... Yes

... brought about by the same development

... Yes sir

A. During 1954 the figures of imports for pulp

are not segregated according to purpose. These

imports into Japan, figures secured from the Canadian

Government Station at Tokyo. During 1954 the import

figures were total period and no segregation made as

to whether or not used for pulp or paper. It shows

total imports in 1954 of 308,000,000 lbs. and

Canada supplied 90,000,000 lbs. In 1955, the ten

months figures are separated for purposes as between

paper and pulp and the total imports from Canada of

pulp for paper was 15,000,000 lbs. out of total imports

... Yes

... I am not sure whether or not this is correct

A. Yes, my Lord, and the largest amount from any country came from the United States.

MR. McRUER: Q. Have you in making up your information any information as to how much the trade was switched from Canada to the United States after the war started between Canada and Japan? A. I have the original figures, the monthly figures, I could prepare that.

Q. I would like to have the monthly figures on that and if it could be brought down to the end of the year it would be informative? A. Well,--

Q. How much trade Canada lost in the pulp industry as a result of that war?

THE COMMISSIONER: Q. You can give us that?

A. I am not sure that I can get the remaining two months of the year but I can break those figures down as between January, July, August and October.

MR. McRUER: Q. You see, the Japanese embargo came on earlier than the Canadian? A. Yes, preceded the Canadian embargo.

Q. Because the contention by Japan was - we are importing about four times as much as we are exporting to Canada; we are importing about three or four times as much from Canada as we are exporting to Canada and therefore we are going to stop doing business unless you make some more equitable agreement with us, and they put the surtax on first?

A. Yes.

... Yes, my dear, and the largest amount from any

... and the largest amount from any

... and the largest amount from any

information any information as to the amount the trade

was obtained from Canada to the United States either

the can started between Canada and Japan?

have the original figures, the monthly figures, I

... and the largest amount from any

6. I would like to have the monthly figures on

test and it would be brought down to the end of

the year it would be information

How soon can the figures be in the public

industry as a result of that work?

... and the largest amount from any

4. I am not sure that I can get the remaining two

months of the year but I can get the figures

down as between January, July, August and October.

... and the largest amount from any

... and the largest amount from any

... and the largest amount from any

... because the collection by Japan was -

we are importing about four times as much as we are

exporting to Canada; we are importing about three or

four times as much from Canada as we are exporting

to Canada and therefore we are not to stop doing

business with them and we are not to stop doing

business with them and we are not to stop doing

Q. And then that was followed by the Canadian sur-tax? A. Yes.

EXHIBIT 410 Statment of Imports of Pulp into Japan-Canadian Government Legation.

THE COMMISSIONER: Then you will pursue that last question further, Mr. McRuer.

MR. McRUER: Then I want to follow up this statement we have here.

THE COMMISSIONER: There is this question of the result of the Canadian-Japanese tariff war and, secondly, question that I raised here about the basis of these figures. We find down here that Japan imported in 1935 for rayon 243,000,000 pounds of pulp. That must be a very considerable proportion of their requirements?

THE WITNESS: We have some information prepared on that, I believe to be presented by the next witness.

Q. I do not understand why it can be given here that their pulp and chemicals cost them so much less than in the United States or Great Britain or Germany or Italy, if those figures are all on the same basis, the same deniers? A. Well, myLord---

Q. Because they had to buy also in a depreciated currency in respect of this which makes their raw materials cost them all the more? A. Yes, sir and in a world market.

Q. So that brings you back to the question raised by Mr. McRuer as to whether these figures are actually

and then that was followed by the Canadian sur-

A. Yes.

THE CHARTER OF THE CANADIAN SURVEY

THE CHARTER OF THE CANADIAN SURVEY

Mr. Macdonald: Then I want to follow up this

statement we have here.

The Commission: There is this question of

the result of the Canadian-Japanese tariff war and,

secondly, a question that I raised here about the

case of these figures. So first I want to know that

you reported in 1930 for an \$48,000,000 pounds of

ships. That must be a very considerable proportion

of their requirements?

The witness: "I have some information prepared

on that, I believe to be presented by the next

I do not understand why it can be given here

that their ships and equipment cost them as much less

than the United States or Great Britain or Germany or

Italy, if these figures are all on the same basis,

the same basis? Well, my lord---

Because they had to buy also in a big quantity

equipment in respect of this which makes their cost

materially cost them all the more? Yes, sir.

Yes, sir.

Yes, sir.

Yes, sir.

Yes, sir.

or really correct? A. I might point out in this Exhibit 410, I have worked out the average price per pound of the total imports for rayon and imports from Canada, and they are very close together. The pulp appears to have cost them about $3\frac{1}{2}$ cents a pound. I have worked out the average cost per pound of the pulp for rayon imports in 1935.

MR. ASHURA: Q. And that cost them what? A. Approximately $3\frac{1}{2}$ cents a pound.

Q. Can you tell us what the pulp cost the Canadian manufacturer? A. No, I cannot.

Q. Altogether. According to a cost sheet that I have that was filed with the Price Spreads the cost of Pulp in Canada is 4.5 cents a pound. At least it is said to be that. Have you any idea how the Japanese with depreciated currency, transportation to Japan and everything involved could get pulp for the manufacture of rayon in Japan cheaper than the manufacturer in

Canada? A. No, I have not. I presume pulp companies might be able to give you some information about their prices.

Q. At any rate, all you have really done with this Mr. Berry, is to compile statements from information you have gathered from different sources?

A. Yes.

Q. But I am a little puzzled still about how this statement is made. Was it copied?

A. Copied directly.

on really correct? A. I might point out in this

Exhibit 410, I have worked out the average price per pound of the cotton imported for Japan and imported from

5 years to last, and then about 3 1/2 cents a pound. I have worked out the average cost per pound of the pulp

Q. And that cost them what? A. 45-

10 A. Now you tell me what the pulp cost the Japanese

an manufacturer? A. No, I cannot.

Q. According to a cost sheet that I have just now filed with the House Committee the cost of Pulp in Japan is 4.5 cents a pound. Is that correct? A. Yes, that is correct. Have you any idea how the Japanese

15 the Government of Japan, transportation to Japan and everything involved could get pulp for the manufacturers of paper in Japan other than the manufacturer in

20 A. No, I have not. I presume pulp companies might be able to give you some ink reaction about their prices.

Q. At any rate, if you have really done a little

25 this Mr. Kelly, is it possible to compile statistics from information you have gathered from different sources?

A. Yes.

Q. But I am a little puzzled still about how

the statement is made. Is it correct?

A. Yes, I think so.

Q. So that we have no information as to whether the costs for Italy are compiled on the same basis as the costs for Japan? A. As I say I tried to get the original report from which that was taken and I was not successful in securing it.

Q. You agree with me it makes quite a difference in the currency of the comparative report whether the costs are compiled on the same basis, for the same denier--whether it is average of the same sizes or not?

A. Yes.

Q. But, however, taking it as it is that the statement that the cost of rayon yarn in Great Britain is 38.4 cents per pound, the cost of rayon yarn in Canada at that time was 70 cents or over, was not it?

A. I have not any figures on that whatever.

Q. You do not know anything about the price of rayon yarn in Canada? A. I certainly have not any idea what they were in 1934.

Q. Well, we will have to get that from somebody that was buying it or selling it? A. Might I read this comment of the magazine which published that table regarding that table?

Q. Yes, I would like to have any information I can on this? A.

"One word of caution on the use of this table is opportune. As a matter of rayon production costs in the United States, we present the table with our tongue in our cheek. To those who are looking for a real measure of

so that we have no information as to whether
the costs for Italy are included on the same basis
as the costs for Japan? A. Is it not
to get the original report from which that was taken
and I am not sure of anything else.

5

You agree with me it makes quite a difference
in the currency of the comparative report whether
the costs are compiled on the same basis, for the same
basis--whether it is a basis of the same size or not.

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well, however, taking it as it is that the
statement that the cost of rayon yarn in Great Britain
is 38.4 cents per pound, the cost of rayon yarn in
Canada at that time was 70 cents or over, was not it?
I have not any figures on that matter.

15

You do not know anything about the price of
rayon yarn in Canada? A. I certainly have not
any idea what they were in 1934.

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well, we will have to get that from somebody
that was buying it or selling it? A. Right.
That is comment of the magazine which published
that table regarding that table?

25

Yes, I would like to have any information I

one of a number of one of these kind
is a matter of rayon pro-
duction rate in the United States, we present
the table with the figures in our case.
There are also figures for a rayon machine of

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5 United States rayon production costs we can
say frankly that we don't know what they are.
Also we can say that many students of the tariff,
who have tried to find the "foreign cost of pro-
duction" of rayon and other items, have come to
the conclusion that such costs are misleading
and unreliable."

10 THE COMMISSIONER: That pretty badly damages
this Exhibit.

15 " A moment's reflection will bring forth
the reason for this fact. The cost of rayon
production, for example, depends not only
on the country in question, but also on the
country's exchange-rate situation, the various
companies involved, the process of manufacture
used, the age of the spinning equipment, the
rate of depreciation used, the efficiency of
the management, the denier and filament size
20 spun, the size of the producing unit and the
rate of operation to mention only a few. And
by the time this welter of fact is assembled
and digested, the whole situation probably will
25 have changed again because of a new set of
conditions; the effect of the N.E.A. on costs
in this country provides a pertinent illus-
tration of the point made.

30 Let us conclude then that the "national
cost of rayon production" is a will-of-the-wisp
figure which just does not exist.

United States revenue protection costs we can say frankly that we don't know what they are.

Also we can say that many elements of the tariff who have tried to find the "foreign cost of production" of rayon and other items, have come to the conclusion that such costs are misleading and unreliable."

"A moment's reflection will bring to the fore the reason for this fact. The cost of rayon production, for example, depends not only on the country in question, but also on the country's exchange-rate situation, the various companies involved, the process of manufacture used, the age of the spinning equipment, the rate of depreciation used, the efficiency of the management, the design and filament size again, the size of the producing unit and the rate of operation to mention only a few.

By the time this letter of fact is assembled and discussed, the whole situation probably will have changed again because of a new set of conditions; the effect of the A.T.A. on costs is still many months away from being felt.

Let us conclude then that the "National Tariff Commission" and its officials are in a position which just does not exist.

SIGNIFICANCE OF PRODUCTION COST DATA PRESENTED

"After thus having cut the props away from the Table of national rayon production costs, it is time to mention the reason for presenting the Table. Outside of showing the phenomenally low cost of Japanese rayon production, whether judged on an absolute or relative basis, the main value of this Table is a comparison of the percentages which the various cost items bear to total cost for the different countries."

MR. MORUER: Q. I want to follow that again.

A. I would like to complete the statement.

"With the countries arrayed essentially in their correct order as regards total cost of production, we note that the percentage which the cost of Pulp and Chemicals bears to total cost increases steadily from the low of 32% quoted for the United States on up to the 50% shown for Japan; in other words, this item tends to be a fairly fixed sum throughout the world.

For wages, however, we find the exact reverse to be true. The countries from the United States down to Japan show not only a lowering wage cost in cents, but also a declining trend for wages as a percentage of total cost.

Thus we may summarize the reasons for lower rayon production cost in Japan as follows:

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the table is based on the production costs, it is time to mention the reason for presenting the table. The reason is that the cost of production, whether based on an absolute or relative basis, the main value of this table is a comparison of the percentages which the various cost items bear to total cost for the different countries. I would like to emphasize the statement, "that the countries engaged essentially in their correct order as regards total cost of production, we note that the percentages which the cost of ship and chemicals bears to total cost is approximately the same for all the countries. It is noted for the United States on up to the 100 percent; in other words, this cost tends to be a fairly fixed sum throughout the world. However, we find the exact reverse to be true. The countries from the United States down to the 100 percent, not only a lowering of cost is noted, but also a declining trend for wages as a percentage of total cost. Thus we may summarize the reasons for the table as follows:

(a) lower power rates, (b) lower chemical costs, (c) substantially lower labour rate, (d) improving efficiency of skilled labour and improving manufacturing technique, (e) the increased capacity of the industry and the newer manufacturing equipment used.

The bearing of these points on the increase of Japanese rayon productive capacity is discussed in some detail above under the caption "Growth of the Japanese Rayon Industry".

MR. KELLOCK: Perhaps you had better--

MR. McNEUER: No, I will examine this witness.

Q. Will you turn that up again where you were reading from, sixth paragraph. This is under the heading "Significance of Production Cost Data Presented" - after telling us pretty much cannot pay attention to it: "With the countries arranged essentially in their correct order as regards total cost of production, we note that the percentage which the cost of Pulp and Chemicals bears to total cost increase steadily from the low of 33% quoted for the United States on up to the 50% shown for Japan?"

A. Yes.

Q. In other words, this item tends to be fairly fixed the same throughout the world? A. Yes.

Q. That is one of the justifications of this statement as they have given it to us. Let me read a paragraph from a letter of the Canadian Trade

(c) lower power factor, (d) lower chemical
costs, (e) lower maintenance costs, (f) lower
labor costs, (g) lower depreciation costs, (h)
lower taxes, (i) lower insurance costs, (j) lower
interest costs, (k) lower freight costs, (l) lower
inventory costs, (m) lower working capital costs,
and (n) lower overhead costs.

The listing of these points on the increase
of the new rayon production capacity is dis-
cussed in some detail above under the caption
"Increase of the new rayon production capacity".

Q. Now, I would like to ask you how many
of these points you have mentioned?
A. I have mentioned 14 points.

Q. Now, I would like to ask you how many
of these points you have mentioned?
A. I have mentioned 14 points.
Q. Now, I would like to ask you how many
of these points you have mentioned?
A. I have mentioned 14 points.
Q. Now, I would like to ask you how many
of these points you have mentioned?
A. I have mentioned 14 points.
Q. Now, I would like to ask you how many
of these points you have mentioned?
A. I have mentioned 14 points.

Q. Now, I would like to ask you how many
of these points you have mentioned?
A. I have mentioned 14 points.
Q. Now, I would like to ask you how many
of these points you have mentioned?
A. I have mentioned 14 points.
Q. Now, I would like to ask you how many
of these points you have mentioned?
A. I have mentioned 14 points.

Commissioner which I have in my possession: "At present the Pulp cost is 30% of the cost of rayon yarn."

THE COMMISSIONER: Where is he speaking of - Canada?

MR. McRUE: No, Japan, on Japanese costs.

Q. So that if this statement from the Canadian Government Trade Commissioner in Japan be authoritative the percentage of Pulp cost in Japan is lower than it is in the United States and if--? A. Is the Commissioner speaking of Pulp cost or Pulp and Chemical cost?

Q. No, he says, "at present the Pulp cost is 30% of the cost of rayon yarn"? A. That statement does not give me any figure on the Pulp cloth alone in the United States.

Q. I see. Well, I think I have the chemicals too. You did not give us all this information yesterday about unreliability of this statement?

A. Well, it was presented for what it was worth with the possibility of having it checked up by more reliable sources, if you like.

Q. According to this Table the Pulp and Chemicals would be about 50%? A. Then the figures appear to be consistent.

Q. No, the comparison? A. Yes.

Q. Well, now, this goes on to give reasons for the lower cost in Japan and one of them is the

presented the Bill cost is 100 of the cost of repair

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lower power rates. Of course, that is comparing with the United States? A. Yes, that is United States power.

5 Q. Do you know anything about the comparison between power rates in Japan and the power rates in the Province of Quebec? A. No.

10 Q. Do you know anything about comparison of power rates in Japan and power rates in the Province of Ontario? A. No.

Q. "Lower Chemical Costs"- I do not suppose you know anything about the details of that?

15 A. Except I believe there is a Table of Production of heavy chemicals in Japan which might give some information as to what extent they manufacture their heavy chemicals from their own minerals.

20 Q. I am talking about cost of chemicals in Canada and Japan, that is all? A. Well, yes, that leads on to what I said because I think if they had a large proportion of their own produced chemicals in that open chemical item then the chemicals would cost them less than other countries because of the lower wage rates of producing those chemicals from their own minerals.

25 Q. Now, "substantially lower labour rates." That is one thing that I want to draw your attention to for a moment. Were you engaged in the preparation of this voluminous brief that was laid on our table at Sherbrooke? A. I assisted in its

lower than that of the other two. It is not clear, however, whether the lower value is due to the fact that the lower value is the average of the two values or whether it is due to the fact that the lower value is the average of the two values.

Q. Now you are saying that the composition of the lower value is the average of the two values. Is that correct?

A. No.

Q. Now you are saying that the composition of the lower value is the average of the two values. Is that correct?

A. No.

Q. Now you are saying that the composition of the lower value is the average of the two values. Is that correct?

A. No.

Q. Now you are saying that the composition of the lower value is the average of the two values. Is that correct?

A. No.

Q. Now you are saying that the composition of the lower value is the average of the two values. Is that correct?

A. No.

Q. Now you are saying that the composition of the lower value is the average of the two values. Is that correct?

A. No.

Q. Now you are saying that the composition of the lower value is the average of the two values. Is that correct?

A. No.

preparation.

Q. And in the gathering of the data, and I see one of the paragraphs under the heading "Reasons given for low wages" - did you assist in the preparation of those reasons given for low wages?

A. I did not have anything to do with the preparation of that summary.

Q. Who prepared that? A. I believe Major Hallam prepared that.

Q. Major Hallam is the secretary of the Canadian Textile Institute? A. Primary Textile Institute.

Q. Well, I see a paragraph here: "The reasons given for low wages paid in Japan are set out in various references. The Tariff Commission reference says - The fall in Japan labour costs in terms of foreign currencies resulting from yen depreciation might have been quickly offset by increases in wage yen rates had it not been for more enduring forces which were tending to reduce labour costs relative to these other countries." The report gives two reasons for wages not rising: "(1)

No strike labour organizations in Japan," - you remember seeing that? A. I have heard that statement.

B. "Rapidly increasing population about a million a year," and goes on to give something of the Bank of Nova Scotia's review. Well, were you

2. and in one a series of the data, and I
see one of the passages under the heading "response
given for low speed" - did you assist in the pre-
paration of these responses given for low speed?
3. I did not have anything to do with the prepara-
tion of these answers.
4. and prepared that
5. I believe
6. and I believe prepared that.
7. Major Hellen is the secretary of the
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5 able to get me the correspondence in reference to Exhibit 400, which was the letter that was produced from Courtaulds? A. Yes, I am very sorry we were not able to get here today the letter referred to in the letter filed yesterday but I have here to myself the letter from Mr. Taylor forwarding that letter which gives some more--

10 Q. Of course, the important thing is the letter that was written over there? A. Yes, that is correct. We will get that for you.

15 Q. Now, you are showing me a letter dated March 23rd. Well now, have you no correspondence with Courtaulds about January 16th or before in reference to this matter? A. As far as I know none.

Q. Well, have you searched? A. I have not made a search.

20 I would like you to make a search because I cannot understand how Courtaulds started into this matter without some communication with you, and they very promptly sent their information to you as soon as they got it? A. Well, of course the Courtaulds would be as much interested in the welfare of the Canadian rayon industry as any one.

25 Q. Courtaulds are not members of the Canadian Textile Institute? A. No, they are not.

30 Q. And I want to get at how they came to write over to England. Well now, you have here a letter from you to Taylor, dated March 23rd, 1936:

able to get me the correspondence I referred to

FROM COURTESY OF THE
U.S. AIR FORCE

--9xom 0a00 29v12 no119 29112

Of course, the important thing is the letter

[illegible]

...we will get that for you.

.002198 4 3.0

for one year, and

And I want to get at how they come to write

"We need the original letter which you received regarding the Japanese rayon being offered in Australia, in order to establish the Japanese origin of these samples. We will have to show the original to the Commission, but the original will then be returned to you and only a copy filed in their records."

And then a letter from Mr. Taylor on the 25th of March, 1936:

"As requested in your letter of the 23rd inst., I am enclosing herewith original letter received from Samuel Courtaulds & Company Ltd.

You will gather that the samples in question were personally obtained by the writer of this letter, Mr. S. Castle-Smith, while he was in Australia.

Would you kindly acknowledge receipt of this original and arrange to return to me in due course."

Now, you are under oath and I want your clear statement as to whether up to the time you received this communication from Courtaulds that they had received this information from Mr. Castle-Smith, had you no communication with Courtaulds directly or indirectly?

A. Me personally?

Q. No, you or your organization?

THE COMMISSIONER: In your own knowledge?

THE WITNESS: I have to speak within my own knowledge? up till the time of that letter?

MR. McRUER: No, up until the time that you had
one communication from him that he had received
those samples from Courtaulds in England?

5 A. The reason I had those samples at all was because
I went in to see Mr. Tylor in Toronto and he
showed them to me there.

Q. I say, up till that time had you no communica-
tion with him that he was obtaining samples or that
10 he had written to London, England, for information?

A. Previous to the time I saw the samples in his
office?

Q. Yes. A. As far as I know, none.

15 Q. No communication - that was entirely done
off Mr. Tylor's own bat? A. Purely on his
own initiative as far as I am aware.

Q. Have you heard of any suggestion that none
of the trade got him to do that? A. I could
20 not say.

THE COMMISSIONER: Just add that to Exhibit 400,
and still to come the letter from Courtaulds in
Canada to Courtaulds in London?

25 THE WITNESS: Yes. With further reference to
the question of those samples, we referred yesterday
to a letter written by the Australian Trade Commission-
er in New York in regard to the difference between
the indicated Australian price and indicated price
in Japan as set out in letter Exhibit 400, and this
30 is a letter from Mr. J. F. Brophy, assistant Australian
Customs representative in New York addressed to Major

Q. Now, up until the time that you had

those samples from the samples in England?

A. The reason I had those samples at all was because

I went in to see Mr. Taylor in Toronto and he

showed them to me there.

Q. I say, up till that time had you no communi-

tion with him that he was obtaining samples on that

had written to London, and had, for information?

A. Previous to the time I saw the samples in his

Q. Yes. A. As far as I know, none.

Q. No communication - that was entirely gone

out Mr. Taylor's own part. A. Entirely on his

own initiative as far as I am aware.

Q. Have you heard of any suggestion that none

of the trade got him to do that? A. I could

not say.

THE COMMISSIONER: Just add that to Exhibit 400,

and will be some of the samples from England in

Canada as mentioned in the report.

THE WITNESS: Yes. With further reference to

the question of those samples, as referred yesterday

to a letter written by the Australian Trade Commission

or in New York in regard to the difference between

the indicated Australian price and the listed price

in Japan as set out in letter of the 10th, and this

is a letter from Mr. J. C. Murphy, assistant Australian

consul representative in New York addressed to the

6347

Berry

Hallam.

Q. This is a copy of the letter - where is the original? A. No, I have not the original.

5 Q. Where is the original? A. I am not sure, I have the copy only in our office.

Q. This letter reads as follows:

"New York, 13th March
1936

10 Dear Sir: Attention: Mr. Douglas Hallam

In reply to your letter of March 11th, I have to advise"

Q. Have you a copy of Mr. Hallam's letter?

A. No.

15 Q. Where is that? A. I have not it in my office.

Q. Where is it? A. I presume it is in the Toronto file.

20 Q. How did you happen to have this copy? A. Because I was trying to reconcile those two costs and I was interested in the matter and Major Hallam sent me a copy of letter which he had received from Customs Representative in New York on the question.

25 Q. "In reply to your letter of March 11, I have to advise that it is not practicable to work back to the first cost of an article when the only information available is a landed duty paid cost, more especially as
30 duty paid in Australia is assessed on a value that represents the English currency value

Halifax

4. This is a copy of the letter - where is the

original? . . . He, I have not the original.

5. Where is the original? . . . I do not

know, I have two copies only in my office.

6. This letter reads as follows:

"New York, 14th March
1946

Dear Sir: I am writing you, hoping that

is reply to your letter of March 11th, I

have to advise . . . "

7. Have you a copy of Mr. A. L. Smith's letter?

8. Where is that? A. I have not it in my

9. Where is it? A. I assume it is in the

Toronto file.

10. How did you happen to have this copy? A. I

assume I was trying to reconcile these two copies and

was interested in the matter and Major Bailey sent me

a copy of letter which he had received from Winston

Maclean's office in New York on the question.

11. In reply to your letter of March 11,

I have to advise that it is not possible

to copy back to the first copy of an original

when the only in question is a

letter from New York which was sent to me

by mail as otherwise it would be a

very dangerous situation to have

of the article, while the purchase price of the goods from the Japanese exporter is based on Australian currency values.

For example the price of 3/6d. which you quote is probably made up of -

(a) The first cost of the material for which the Australian importer/debited at the Australian rate of exchange (approximately 1/6d. to the end)

(b) The cost of the outside casing, dutiable at 30% ad val. and 10% primage.

(c) Probably a buying commission of anything from 5% to 10% (which may or may not be dutiable according to the status of the supplier).

(d) Inspection and storage charges (which are not dutiable).

(e) The domestic value may be higher than the selling price to the Australian purchaser and would therefore be the value on which duty would be assessed, irrespective of the price paid by the Australian importer.

(f) Duty at 40%, primage at 10% and possibly Sales Tax of 5% on the f.o.b. value at port of shipment expressed in English currency value.

From the foregoing you can understand that not even an approximate estimate could be made of the Japanese selling price, when only the

of the article, while the purchase price of
the goods from the German exporter is based
on Australian currency values.

For example the price of 1000 units of
goods is probably made up of -

- (a) the first cost of the material for which
the Australian importer is liable at the
Australian rate of exchange (approximately
1/6d. to the unit).

- (b) the cost of the material for which the
importer is liable at 100 units.

- (c) Finally a buying commission of 2% -
being 2 to 100 (which may or may not
be deductible according to the terms of the
contract).

- (d) Insurance and other charges, which
are not deductible).

- (e) The commission on the sale of the goods
to the selling agent to the importer (which
and could therefore be the value of the
goods could be assessed, irrespective of the
value of the goods).

- (f) 1% at 100, 2% at 200, 3% at 300, 4% at 400, 5% at 500, 6% at 600, 7% at 700, 8% at 800, 9% at 900, 10% at 1000.

- (g) 1% at 100, 2% at 200, 3% at 300, 4% at 400, 5% at 500, 6% at 600, 7% at 700, 8% at 800, 9% at 900, 10% at 1000.

- (h) 1% at 100, 2% at 200, 3% at 300, 4% at 400, 5% at 500, 6% at 600, 7% at 700, 8% at 800, 9% at 900, 10% at 1000.

- (i) 1% at 100, 2% at 200, 3% at 300, 4% at 400, 5% at 500, 6% at 600, 7% at 700, 8% at 800, 9% at 900, 10% at 1000.

landed duty paid price is available."

Well, we will have that attached to Exhibit 490 and I would like to have all the correspondence in connection with this matter? A. This is all I happen to have.

I want all that the Canadian Textile Institute has. You can get it. There is no use of us filing an exhibit which purports to say something and find out it is filled with possibilities or probables. Now, then, you furnished us yesterday with a copy of the Daily News Record from which you quoted rather liberally at different times - not this issue but I want to quote from this issue to you? A. I did not furnish you with the issue.

MR. KELLOCK: No, I simply handed that to his Lordship to show his Lordship what the paper looked like.

MR. MORUER: You were quoting from this as authoritative.

MR. KELLOCK: Previous issues.

MR. MORUER: This is not authoritative?

MR. KELLOCK: No, I don't say that. There is nothing to lead us to suppose this is less authoritative than the previous issues. I know nothing about that.

MR. MORUER: I want to read into the record a reference on the first page. There is a dispatch from Washington of June 8th. This paper is dated June 9th, 1936:

... I would like to have all the correspondence in some
... well, we will have that attached to exhibit 400 and
... I would like to have all the correspondence in some

... to have.

... I want all that the Canadian Wildlife Institute
... has. You can get it. There is no use of us filling
... an exhibit which purports to say something and then
... out it is filled with possibilities or probabilities. Now,

... then, you furnished me yesterday with a copy of the
... Daily News from 1964 from which you quoted rather liberal-
... ly of different times - not this issue but I want to
... quote from this issue to you?

... furnish you with the issue.
... Mr. ...: No, I simply wanted that to see
... relationship to show his working with the paper looked

... Mr. ...: You were quoting from this on Saturday

... Mr. ...: Previous issues.

... Mr. ...: This is not authoritative?
... Mr. ...: No, I don't say that. There is

... nothing to lead us to suppose this is less authorita-
... tive than the previous issues. I know nothing about
... that.

... I want to read into the record a
... reference on the first page. There is a statement
... on the first page. This page is dated

"Lengthy debate over the admissibility of evidence featured a Federal Trade Commission hearing today in the rayon case of The Viscose Company and others, charged with combining to form a price fixing monopoly in the sale of rayon."

Do you know or have you heard whether there is an investigation taking place at Washington at the present time by the Federal Trade Commission into the rayon industry as to whether there is a price fixing monopoly in the sale of rayon in the United States? A. This is the first intimation I have had of it.

Q. The first you have heard about that? A. Yes

Q. Well then, there is a report in this paper that may reflect some of the views of those engaged in the industry over there. On the first page there appears to be a report of the 1st Annual Convention of the National Association of the Credit Men of the United States. It was apparently addressed by Henry H. Heimann, a dynamic executive manager of the Association, and Mr. Heimann made some interesting remarks which we can take for their value on the question of labour in the United States, continuing at page 12:

"We must confess some maledjusted factors for those engaged in direct production, compared with those engaged in other fields such as the distributive and professional fields. The workman is going to be accorded his annual vacation with pay, for it is as essential that his mind and muscle be given a resting period as it is for

...the responsibility of
...a federal trade commission
...the report of the 1933
...and others, charged with coming to
...a price fixing monopoly in the sale of rayon?
...you know or have you heard whether there is an in-
...by the federal trade commission into the rayon
...as to whether there is a price fixing monopoly
...the sale of rayon in the United States? This
...the first information I have had of it.
Q. The first you have heard about that?
A. Yes.
Q. Well then, there is a report in this paper
...that may reflect some of the views of those engaged in
...the industry over there. On the first page there is
...to be a report of the 1st Annual Convention of
...the National Association of the Credit Men of the
...United States. It was apparently addressed by Harry
...Heimann, a dynamic executive manager of the as-
...association, and Mr. Heimann made some interesting re-
...marks which we can take for their value on the question
...of report in the United States, continuing at page 12:
"We must correct some misapprehensions
...for those engaged in direct production, compared
...with those engaged in other fields such as the
...distributive and professional fields. The work-
...with pay. It is as essential that we should
...a meeting period as it is to

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6749-B

Derry

those who are principally occupied in mental assignments. Nor will these periods of rest be considered, in the light of future analysis as fun. Rather they will be recharging periods where a change of environment will restore the human battery to its full strength.

Labour during the next forty years will more and more come into its own. It will share most generously in the reward of the future. That is one of the inevitable trends. I feel certain that within the next quarter century the development of the policy of employment of labour upon a yearly basis will be launched in many industries and when that is accomplished much of the uncertainty of life will have vanished. Old age pensions, sickness and health benefits are but in their infancy. They will be a part of the future program and if they are handled in sound fashion and conservatively scheduled, business should and will co-operate.

There must of course be broader thinking in labour leadership; just as business must have a broader understanding of the problem of labour. The next forty years should develop a better understanding by labour of the problems of industry and by industry of the problems of labour.

International business should find the next forty years of tremendous significance. This period of time should effectively expose the

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those who are principally engaged in manufacturing and the service industries. The list of future analysts is long. Whether they will be reorganizing periods or a change of environment will restore the human capacity to its full strength.

About half the next forty years will move and more come into its own. It will emerge most generally in the world of the future. That is one of the inevitable trends. I feel that in that time the next quarter century the development of the policy of employment of labor upon a yearly basis will be launched in many industries and when that is accomplished much of the uncertainty of life will have vanished. Old and pensions, sickness and health benefits are but in their infancy. They will be a part of the future program and if they are handled in sound fashion and conservatively handled, business should and will co-operate.

There must of course be proper training in labor training, just as we must have a proper understanding of the problem. I feel the next forty years should develop a better understanding by a part of the problem of the day and by industry of the problem of labor. I believe that the next forty years will be a time of great change and growth.

foolhardy restrictive and nationalistic policies. Trade balances favourable and unfavourable, will be terminology cast into the days of ostrich thinking. The only favourable balance is no balance and where necessary to produce this equation by way of restraints or other temporary means, the consequence of repudiation will have long since disclosed itself and faith, confidence and performance will have been instilled into nations as the three essentials of international trade. Nor will this realization be a sham due to the exigency of impending conflict. These lessons will have to be learned in the calm and quiet of trade experiences. War itself will be recognized as a temporary trade palliative which eventually destroys the patient."

Mr. Beauregard just points out to me that in respect to the information contained in this paper about the investigation into a price fixing arrangement in the United States of rayon there is a statement continued over on page 16 which refers to an exhibit that was filed:

"Tension drew when Mr. Biggs drew conclusions in connection with a group of figures on costs of yarn and prices received for rayon cloth and prices received for services by a number of knitting companies, Algro, Beaunit and Raynit."

Are those names familiar to you as rayon manufacturing

TELETYPE UNIT

URGENT

10:45 AM

Following is a summary of the information received from the
Toronto Police Department on the day of the
bombing. The only reliable source is the
police and it is necessary to quote this
information by way of background on other reports
which the Commission of Inquiry will have
I am also advised that the police, as
and performance will have been reviewed and
actions as the three essential of international
work. For this reason it is known that
to the exigency of international relations.
There is a possibility that the police
will be able to do more. It will be
recommended as a necessary police initiative which
eventually destroys the threat.
Mr. Thompson just points out to me that in
reference to the information received in this report about
the investigation into a price fixing agreement in
the United States of America there is a statement con-
firmed over on page 16 and 17 refers to an exhibit that
was found:
"It is also noted that the police are aware
alone in connection with a group of figures on
pages of year and prices received for various
items and prices received for services of a
number of British companies, also, should
be noted."

concerns in the United States?

A. Appears to

me they might be knitting companies from the phrasing of the words.

Q. You don't know them?

A. No.

5 C. "This Table strongly tends to show the maintenance of a price for rayon knitted cloth, by these knitters, at a fixed margin of 20% over the prices they pay for rayon yarns."

That evidently shows what they are at fairly well.

10 Now, can you identify the initials on this document?

A. Those are the initials of G.A.R. Emery.

Q. And Mr. Emery was connected with the Textile Institute?

A. Mr. Emery was the secretary of the Cotton Institute of Canada.

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THE COMMISSIONER: You said he was?

A. He

was.

MR. McRUER: He was succeeded by whom?

A. Major Hallam.

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THE COMMISSIONER: When did it take place?

A. February 1st, 1935.

Q. Well then, I want to read from this document.

It is stated to be the "Corrected Minutes of the Organization Meeting of the Textile Institute of Canada held in the Board Room of the Dominion Textile Co. Ltd. at 710 Victoria Square on August 2nd at 9.30 a.m.". What year would that be - it does not give the year?

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A. I presume 1934.

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Q. It was 1934 the Textile Institute started to function?

A. No, it started to function on the 1st of February, 1935.

6349-E

Berry

Q. Well, this was the organization meeting anyway.
"Corrected Minutes of the organization meeting of the
Textile Institute of Canada held in the Board Room
of the Dominion Textile Company Ltd. at 710 Victoria
Square on August 2nd, at 9.30 A.M. Mr. H. W. Lundy
was asked to take the chair pending the election of
officers." Were you connected with them at that
time? A. With the--

Q. With the Cotton Institute or any of those
organizations? A. I was on the staff of the
Silk Association and Canadian Wool and Knit Goods
Associations.

Q. Were you at this meeting? A. No.

"It was resolved that the textile Institute
of Canada be formed, it to be comprised of the
President, Vice President, and Secretary of the
Cotton Institute of Canada, the Silk Association
of Canada and the Canadian Woolen and Knit Goods
Manufacturers Association. This was concurred
in unanimously by those present - Mr. P. B.
Watson, Mr. C. Trembley, Mr. J. R. Marx, Mr.
H. W. Lundy, Mr. H. G. Tolmie and Mr. G. B. Gordon.

It was moved and passed unanimously that
Mr. A. M. Young be chairman of the Textile In-
stitute of Canada.

A motion was passed unanimously that Major
Douglas Allan be secretary of the Textile In-
stitute of Canada.

A discussion then took place concerning the

C. Self, this was the organization meeting anyway.

10011 BYDIE

Textile Institute of Canada held in the home room

of the Dominion Textile Company Ltd. at 710 Victoria

square at about 10.30 A.M. Mr. A. E. Brady

was asked to read the chair greeting the election of

officers. There were 100 connected with them at that

time. A. E. Brady then--

2. With the Cotton Institute on any of those

organizations? A. I was on the staff of the

Silk Association and Canadian Wool and Knit Goods

Associations.

3. Were you at this meeting?

"It was resolved that the textile institute

of Canada be formed, it to be comprised of the

resident, Vice President, and Secretary of the

Cotton Institute of Canada, the Silk Association

of Canada and the Canadian Wool and Knit Goods

Manufacturers Association. This was a unanimous

is unanimously by those present - Mr. E. A.

Watson, Mr. C. Tremblay, Mr. J. A. Burt, Mr.

it was moved and passed unanimously that

Mr. A. E. Young be chairman of the textile in-

stitution.

A motion was passed unanimously that Mr. J.

Watson be secretary of the textile in-

stitution.

10011 BYDIE

10011 BYDIE

confidential report submitted by Major Hallam to the representatives present at the meeting of the representatives present at the meeting of the Textile Institute, in which it was tentatively submitted:

1. That the last three months of 1933 and the first three months of 1934 be used as a basis for determining the wages paid in the industries associated with the Institute.
2. That the yardstick for wages be based on the minimum wage law covering female labor and that a comparison for the male labor be made with people occupied in similar inside work such as those employed in furniture factories.
3. It was suggested that if it is claimed there are excessive profits made in the Textile Industry to the detriment of the wage earners, these excess profits should be compared with the payroll to show the percentage of one to the other and whether they have any real bearing on the issue.
4. With regard to capital structure it was felt that this could only be considered from the point of view of individual treatment of each company concerned.
5. As far as cotton sales are concerned mass buying would only affect those goods which are for direct resale in mail order business,

confidential report submitted at the meeting of
to the representative of the meeting of
the representative of the meeting of
the representative of the meeting of
submitted:

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1. That the last three months of 1934 and the
first three months of 1935 be used as a basis
for determining the average paid in the in-
dustries associated with the industry.

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2. That the method of the average be based on the
minimum wage law covering the labor and
that a comparison be made with the
rate with people employed in similar industries.
work done as those employed in the industry
I consider.

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3. It was suggested that if it is claimed there
are excessive profits in the industry
industry to the detriment of the wage earners,
these excess profits be used to determine the
the payroll to show the percentage of one to
the other and whether it is more or less
bearing on the industry.

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4. With regard to capital, it was felt
that this could only be ascertained from the
point of view of the individual treatment of
the industry.

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5. The fact as to whether the industry is
affected would only affect those who are
in the industry.

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etc., not those for further manufacture
in the factories of departmental stores.

With the other industries concerned it was
estimated that approximately 50% of their
sales were direct resale and the other 50%
for further manufacture.

Sub-section A. Mass buying, it was considered
did not have an effect in driving down wages, as
the value received for goods manufactured was
regulated by the flow of imports from other coun-
tries.

Sub-section B. It was believed that ordinary
retailers were treated justly in prices and terms
as compared to departmental stores and chain stores.
Prices were regulated by the credit risk and the
cost of selling."

EXHIBIT 411: Corrected Minutes of Organi-
zation meeting of the Textile
Institute of Canada, August
2nd.

(Page 6350 follows)

in the history of the industry in the
with the other industries concerned it was
estimated that up to approximately 80% of their
sales were direct resale and the other 20%

Sub-section A. was being, it was considered
did not have a direct effect on the industry, as
the value received for goods manufactured was
regulated by the type of reports from other countries

Sub-section B. it was believed to be ordinary
retailers were treated fairly in prices and terms
as compared to department stores and chain stores
which were regulated by the cost of production and the

cost of production
connected with the
section meeting of the textile
industry of Canada, Toronto
(page 6800 follows)

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6350

Berry

BY MR. McRUER: Q. Mr. Berry, one more question and I am almost through. My friend remarked after he had dealt with the question of Japanese imports into Canada during the past five months, four months that you have, that they did not appear very large and he asked you if you had any explanation as to why they were not more and you said "it is difficult to get direct evidence as to why they are not larger". You had made some effort, had you, to get evidence as to why the Japanese imports into Canada were not larger than they have been since the 1st of January?

A. I have carefully read the Manchester Guardian --

BY THE COMMISSIONER: Q. What is the answer?

A. I have been carefully reading the press, my lord, to see what reaction the Canadian situation was having in Japan.

BY MR. McRUER: Q. Now, your first answer was that you had carefully read the Manchester Guardian. You swore yesterday that it was difficult to get direct evidence as to why they were not larger. I want to know the efforts you made to get direct evidence?

A. Well, further than carefully collecting all the information that I might on that particular point from trade journals or newspaper accounts I made no particular effort on that point.

Q. Did you read the Textile Journal, a publication published in Montreal?

A. Yes, I have read the Textile Journal.

Q. Did you collect what it said about it? Surely you didn't miss that paper?

A. I am afraid I did.

Berry

Q. Did you not see an item in it about the end of April in which it said they had not reached any alarming stage?

A. No, I don't recall the article.

T THE COMMISSIONER: Have we the article here, Mr. McNuer?

MR. McNUER: We read it into the record in Quebec, my lord.

THE COMMISSIONER: Oh yes, that is so.

BY MR. McNUER: Q. Well, Mr. Berry, did you make no other effort to get direct evidence as to why the imports from Japan into Canada had not been larger this year, than merely reading the newspapers?

A. And following the trade magazines which we receive.

Q. You could not get any information from the trade magazines as to why they were not larger? A. I am not sure whether we had any references in the trade magazines on that point.

Q. Did you go to see any of the buyers of rayon fabrics in the city of Montreal to determine from them why they were not buying Japanese goods?

A. I very rarely come in contact with buyers.

Q. Did you go to see them? A. No, I did not.

Q. Did you go to any of the stores at all that might handle Japanese goods to find out why the importations were not larger? A. Did I?

Q. Yes? A. No.

Q. You read the Manchester Guardian. Well, that is quite a good paper, and I am going to get a lot of the back issues and file them, about 1932.

Betty

Q. Did you not see an item in it about the end of April in which it said they had not received any more of the goods?

A. No, I don't recall the article.

THE COMMISSIONER: Have we the article here, Mr. ...

my lord.

THE COMMISSIONER: Oh yes, that is so.

BY MR. NORMAN: O. Well, Mr. Betty, did you make

no other effort to get direct evidence as to why the imports from Japan into Canada had not been larger

this year, than merely reading the newspapers?

A. And following the trade magazines which we received

Q. You could not get any information from the trade

magazines as to why they were not larger?

A. I am not sure whether we had any references in the trade

magazines on that point.

Q. Did you go to see any of the buyers of goods

fabrics in the city of Montreal to determine from

them why they were not buying Japanese goods?

A. I very rarely come in contact with buyers.

Q. Did you go to see them?

A. No, I did not.

Q. Did you go to any of the stores at all that

might handle Japanese goods to find out why the im-

portations were not larger?

A. Did I?

Q. Yes?

A. You read the Manchester Guardian. Well, I

the back issues and file them, about 1932.

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6352

Berry

5 BY MR. KELLOCK: Q. Mr. Berry, my friend was asking you with regard to certain coats in Japan and you referred his lordship, or you were referred by my friend to page 61 of the Textile Organon of May, 1935. I want you to look at page 76 of that same book. I have a copy here. I want the witness to look at page 76 and tell his lordship if that adds anything to that subject?

10 MR. McRUER: We had better have the whole book filed on that subject. Couldn't we get that? Can you not prepare a copy of the book?

THE WITNESS: We only have the one copy.

15 MR. McRUER: I haven't had a chance to read it. What date is it? A. May, 1935.

THE COMMISSIONER: We should have at least the whole article.

MR. McRUER: I think the whole article ought to go in.

20 THE WITNESS: There are two articles in two subsequent monthly issues.

THE COMMISSIONER: We have had a table out of it as an exhibit and we have comments on the table on the record.

25 BY MR. McRUER: Q. You have got an extra copy of 1935? A. This isn't my copy.

Q. I know, but you have an extra copy?

A. This appears to be extra.

30 Q. I don't care whose it is. We can have that. Mr. Gordon says it is his.

THE COMMISSIONER: Exhibit 412; that is what copy?

MR. KELLOCK: May of 1935, my lord.

EXHIBIT NO. 412: Textile Organon for May, 1935.

THE COMMISSIONER: The Textile Organon?

THE WITNESS: Yes, my lord.

THE COMMISSIONER: There is something you want to read out of it? A. It does refer to the cost of production in part in the summary of the article under section three.

Q. This is the article, is it? A. This is the summary of the article.

Q. What is the summary? A. This is the summary of the article. The article was in two sections, one half of it was in the April issue and one half in the May issue. This particular paragraph states:

" Japan has adopted the principle of multiple manufacture or fabrication. Lacking in extensive natural resources, raw materials once imported are fabricated to as high a degree as possible. Thus woodpulp is imported, is treated with Japanese-made chemicals, spun into rayon by Japanese-made spinning machines, woven on Japanese-made looms, and possibly even out into garments before finally being exported. This multiple fabrication creates substantial additional value, of course, and accrues to the economic well-being of the nation."

BY MR. McRUER: Q. Is it not a fact that the English manufacturers of machinery had a great trade with Japan supplying them with machinery when they were getting

MR. WHITE: May 10, 1930, NY 17-6.

EXHIBIT NO. 412: Textile Division for May, 1930.

THE COMMISSIONER: The textile division?

THE WITNESS: Yes, my lord.

THE COMMISSIONER: There is something you want to

read out of it?

cost of production in part in the industry of the textile

under section three.

Q. This is the article, is it?

the summary of the article.

Q. What is the summary?

summary of the article. The article was in two

sections, one half of it was in the April issue and

one half in the May issue. This article is presented

" Japan has adopted the principle of multiple

manufacture or fabrication. Looking in extent

of the resources, raw materials are imported

are fabricated to as high a degree as possible.

Thus woodchip is imported, is treated with

chemicals, and then used in

Japanese-made spinning machines, woven on Japan

made looms, and possibly even sent into Germany

before finally being exported. This multiple

of course, and according to the economic well-being

of the nation."

BY MR. WHITE: Is it not a fact that the English

and Japanese of machinery has a great trade with Japan

and that the English have been selling

equipped? I think we have had that mentioned in this inquiry? A. What sort of machinery, Mr. McRuer?

5 Q. Spinning machinery? A. This doesn't refer to cotton spinning machinery.

Q. Well, whether the thing is authoritative or not, that is the question.

10 BY MR. KELLOCK: Q. Mr. Berry, my friend was also asking you as to whether or not the table of comparative costs which was referred to was figured on the same basis for each of the countries compared. Now, I am showing you --

MR. McRUER: Get what basis it is figured on.

15 BY MR. KELLOCK: Q. I am showing you the same publication for March of 1936, page 55. You might tell his lordship what you find there as to the particular article dealt with there.

MR. McRUER: March, 1936?

20 MR. KELLOCK: Yes.

MR. McRUER: I thought you said this was 1935.

THE COMMISSIONER: The one we put in was May, 1935. This is another one.

MR. McRUER: March, 1936.

25 THE COMMISSIONER: What is the point, Mr. Kellock?

MR. KELLOCK: It deals, my lord, with the Japanese costs and selling price of a certain definite size or weight of yarn.

30 MR. McRUER: What I wanted was the American selling price.

MR. KELLOCK: I want to deal with the Japanese

costs as well. Would you give his lordship that?

A. It gives the cost of 150 denier viscose.

"The cost of 150 denier viscose yarn now is reported to be 42 yen (12 cents) per pound excluding depreciation, and the selling price of this number at the end of December was 54 yen (16 cents) per pound. It is stated that the current selling price is very close to cost."

BY THE COMMISSIONER: Q. It is stated what?

A. "That the current selling price is very close to cost."

Q. Does that mean in Japan? A. Yes, my lord.

MR. KELLOCK: That is exhibit 412. That is all, thank you, Mr. Berry.

THE COMMISSIONER: You are putting that book in?

MR. KELLOCK: That is the May, 1935 issue that was put in. Mr. Berry, have you the part of the Textile Organon which deals with the first part of that article?

THE COMMISSIONER: What page is this on?

MR. KELLOCK: That, my lord, is page 76.

THE COMMISSIONER: What is it you just had Mr. Berry read?

MR. KELLOCK: That, my lord, was from the March, 1936, issue.

THE COMMISSIONER: This is the old one you are handing me back again?

MR. KELLOCK: Yes, that is the one that has not yet been marked.

THE COMMISSIONER: You are not putting the other in as an exhibit?

costs as well. Would you give him a hand?

4. It gives the cost of 150 dental visits.

"The cost of 100 bullet viscose yarn now is 100¢

-ed gubhufaxe bnneg teg (stee Sf) nev SA ed of

...and the selling price of this number

It is stated that the current bill

"Price is very close to cost."

7. 5300

Does that mean it's second? A. Yes, my lord.

MR. KATZMAN: That is exactly right.

Thank you, Mr. Perry.

THE DEPT. OF THE ARMY : OFFICE OF THE CHIEF OF STAFF

W. L. BLOOM: That is the way, 1935 leaves that way

out in Mr. Berry, have you the rest of the bundle

Station which deals with the first part of that article

THE UNIVERSITY OF CHICAGO LIBRARY

MR. KELLER: That, my lord, is page 76.

THE COMMISSIONER; what is it you just had told me

1999, 1999

THE COMMISSIONER: This is the old one you are

Q. All right; Yes, that is the one that has not a

* Section 1001

THE COMMISSIONER: You are not putting the other

MR. KELLOCK: No, my lord, because it was only a short reference.

THE COMMISSIONER: Well, we will take a few minutes now to think this over.

5 -- The Commission adjourned for a short recess.

-- On resuming.

MR. KELLOCK: I will call Mr. Watson.

PIERCE R. WATSON, sworn,

10 EXAMINED BY MR. KELLOCK:

Q. Mr. Watson, I understand that you are general manager of Grouts, Limited? A. I am.

Q. And also of the Valleyfield Silk Mills, Limited? A. Yes, sir.

15 THE COMMISSIONER: Just a minute, general manager of what?

MR. KELLOCK: Grouts, Limited, at St. Catharines, Ontario.

20 THE COMMISSIONER: G-r-o-u-t-s?

MR. KELLOCK: Yes, my lord.

THE COMMISSIONER: What is the other?

MR. KELLOCK: The Valleyfield Silk Mills, Limited.

25 THE COMMISSIONER: Is Mr. Watson general manager of both?

MR. KELLOCK: Both, my lord.

THE COMMISSIONER: What is it again?

MR. KELLOCK: Valleyfield silk mills, Limited.

THE COMMISSIONER: Valleyfield here in Quebec?

30 MR. KELLOCK: Yes, my lord.

BY MR. KELLOCK: Q. They are affiliated companies.

Mr. Watson? A. Grouts, Limited, control the common stock of Valleyfield Silk Mills.

Q. Do both these companies manufacture rayon cloth?

A. They do.

Q. In producing, Mr. Watson, is your production seasonal or is it spread over the entire year?

A. Well, the production -- we try to make the production constant. We have seasonal sales; at various times of the year sales are in greater quantity than production facilities so that we try to spread out production over the course of the year in a sort of standard work week and build up stocks at various times of the year.

Q. Is there any particular period for which you must manufacture ahead?

A. We find from past experience that the months of January, February, March and April are the biggest sales months.

Q. Do you have to manufacture stocks ahead during the entire year in order to keep your production more or less constant, as you say?

A. We have in the past.

Q. How far ahead do you have to manufacture?

A. At various times it runs as far as three months.

Q. Does that involve your forecasting what the ~~xxxx~~ situation is going to be?

A. Very much so.

Q. What elements enter into that?

A. Well, we have to prognosticate the styles or change of styles or threats of potential competition.

Q. I suppose, Mr. Watson, you are responsible for the policy of these two companies, are you?

A. I am, unfortunately.

Q. Now

A. Yes, Watson.

Q. Now, the question is, is it spread over the entire year?

A. They do.

Q. Now, the question is, is it spread over the entire year?

A. Well, the production -- as try to make the production

constant. We have seasonal sales; at various times

of the year sales are in greater quantity than production

ion facilities so that we try to spread out production

over the course of the year in a sort of standard way

week and build up stocks at various times of the year

Q. Is there any particular period for which you

must manufacture ahead?

A. We find from past experience that the months of January, February,

March and April are the biggest sales months.

Q. Do you have to manufacture goods ahead during

the entire year in order to keep your production more

or less constant, as you say?

A. We have in the past.

Q. How far ahead do you have to manufacture?

A. At various times it runs as far as three months.

Q. Does that involve your forecasting what the

market situation is going to be?

A. Very much so.

Q. What elements enter into that?

A. Well, we have to prognosticate the styles or change of style

in the market.

Q. I suppose, Mr. Watson, you are responsible

for the policy of these two companies, are you?

A. I am responsible.

Q. And at the present time what proportion of
your production is on rayon cloth? A. We are
running a larger percentage of our total machinery in
Valleyfield than we are in St. Catharines on rayon
cloth but taking the two companies as a whole, about
50% rayon and 50% silk.

Q. That is the proportion for the two companies
together? A. As a whole.

Q. And would you tell his lordship how many people
you normally employ at St. Catharines? A. Around
275; it fluctuates a bit.

Q. And at Valleyfield? A. Around 250; these
figures don't take into consideration the fact that
we get our dyeing or converting done on a commission
basis. There is a certain amount of people employed
in commission dye houses in converting our goods.

Q. Not employed by you directly? A. Not
employed by us directly.

BY THE COMMISSIONER: Q. You do not do your own
dyeing? A. No, sir.

BY MR. McRUER: Q. Where is it done, Associated?
A. No, the majority of our dyeing is done at Guaranty
Silk Dyeing in St. Catharines and some of it by the
Dominion in Drummondville.

BY MR. KELLOCK: Q. Mr. Watson, have you any
special means of assisting you in forecasting what
the future demand is likely to be? A. We maintain
a reading service amongst the staff in general.

Q. Do you take part in that yourself? A. Yes.

Mr. R. Watson,

Q. And at the present time what proportion of

your production is on rayon cloth?

A. We are running a larger percentage of our total machinery

Valleyfield than we are in St. Catherine's or rayon

cloth but taking the two companies as a whole, about

60% rayon and 40% silk.

Q. What is the proportion for the two companies

together?

A. As a whole.

Q. And would you tell his forward how many you

you normally employ at St. Catherine's?

A. No; it fluctuates a bit.

Q. And at Valleyfield?

A. No; it fluctuates a bit.

Q. And would you tell his forward how many you

you normally employ at St. Catherine's?

A. No; it fluctuates a bit.

Q. And would you tell his forward how many you

you normally employ at St. Catherine's?

A. No; it fluctuates a bit.

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you normally employ at St. Catherine's?

A. No; it fluctuates a bit.

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you normally employ at St. Catherine's?

A. No; it fluctuates a bit.

Q. And would you tell his forward how many you

you normally employ at St. Catherine's?

A. No; it fluctuates a bit.

Q. And would you tell his forward how many you

you normally employ at St. Catherine's?

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Q. What is involved in that; what type of reading is done? A. We try to read about styles, colours, general conditions, changes that may affect us competitively, new inventions.

5 Q. What about other countries? A. We try to cover most countries that are textile manufacturers with particular reference to Japan and the United States.

10 Q. Now, why are you interested in Japan? A. Well, Japan has come to the fore recently as a very great textile manufacturing country and they produce raw silk and rayon yarn at a low cost and are potential suppliers for any market in which they can get low enough duties to allow their goods to get in.

15 Q. And we have had it in evidence here, Mr. Watson, the change which was brought into effect on the 1st of January of this year under which the current exchange rate of the yen is not taken but a fixed rate based on the experience of the last five years and under that apparently the rate of exchange for 1937 is already fixed? A. That is quite right.

20 Q. Have you any information for his lordship as to what the 1937 rate will be? A. We had some figures compiled by -- I think these were compiled by a bank with the idea of showing what it would be over the course of the next year and from there on for a year or two showing that 1937 would be lower than this present pegged rate of exchange and that after in the course of a very short time it would eventually be down to the standard 29 cent rate.

Q. What is involved in that; what type of reading?

A. We try to read about styles,

4. Well, Japan has come to the fore recently as a very

new alk and rayon yarn of a low cost and the potential

Q. I see this document which is based on the rate for the five years 1931 to 1935 inclusive shows that the exchange rate for 1937 will be 35 cents?

A. That is right.

BY THE COMMISSIONER: Q. You are not talking of any fixed rate? A. This will be the fixed rate for 1937.

Q. How can you assume the fixed rate?

A. After all, the exchange is fixed on the previous five years, 1931 to 1935.

Q. That is quite right, I had forgotten. What will it be for 1937?

MR. KELLOCK: It will be 35 cents, my lord.

MR. McRUER: The exchange rate is not fixed on the previous five years.

MR. KELLOCK: Yes.

MR. McPHER: No, no. The valuations are fixed, the valuation for duty purposes, that is fixed; if the exchange rate goes up this year --

MR. KELLOCK: That won't be felt till 1938.

THE COMMISSIONER: Make that clear to me, Mr. McRuere.

MR. McRUER: Mr. Hooper tells me that the proclaimed value is fixed on the average/commodity prices.

MR. KELLOCK: That is not what the Kato letter shows. The Kato letter is already in as an exhibit, the letter from the Canadian Government to Mr. Kato, the Minister of Japan showing what basis the exchange will be fixed on.

THE COMMISSIONER: That is where I saw yesterday

W. H. Wilson,

I see this document which is based on the fact
 for the five years 1931 to 1935 inclusive shows that
 the exchange rate for 1937 will be 30 cents?
 A. That is right.
 BY THE CHAIRMAN: You are not talking of a
 fixed rate?
 A. This will be the fixed rate
 for 1937.
 Q. Now can you assume the fixed rate?
 A. After all, the exchange is fixed on the previous
 five years, 1931 to 1935.
 Q. That is quite right, I had forgotten. Will
 it be for 1937?
 A. ELLISON: It will be 30 cents, my lord.
 MR. HOBBS: The exchange rate is not fixed on
 the previous five years.
 MR. HOBBS: Yes.
 MR. HOBBS: No, no. The valuation was fixed,
 the valuation for duty purposes, that is fixed; if
 the exchange rate goes up this year --
 MR. ELLISON: That won't be felt till 1938.
 THE CHAIRMAN: Make that clear to me, Mr. HOBBS.
 A. HOBBS: Mr. Hooper tells me that the valuation
 is fixed for five years, 1931 to 1935.
 MR. ELLISON: That is not what the Kyoto letter
 shows. The Kyoto letter is already in as an exhibit
 the Minister of Japan showing what basis the exchange
 will be fixed on.
 THE CHAIRMAN: That is where I saw yesterday

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about the average between 1931 and 1936.

MR. KELLOCK: 1931 and 1935.

THE WITNESS: Is the rate for 1936.

THE COMMISSIONER: That is what I thought. Let me
see the letter again.

MR. KELLOCK: That is exhibit 401, my lord.

THE COMMISSIONER: I remember reading this yesterday. It says in the first place that

"In computing the value for duty of goods of a class or kind not made or produced in Canada, the value of the yen will be the correct exchange value in terms of the Canadian dollar at the time the goods were exported to Canada."

And then, "In Computing the value for ordinary duty and for special duty under section 6 of the Customs Tariff of goods of a class or kind made or produced in Canada the value of the yen during the twelve months beginning January 1st, 1936, will be at the rate of 39.5 cents; being the average exchange value of the yen, in terms of the Canadian dollar, for the five year period 1930-34, based on the exchange rate published in the Statistical Year Book of the League of Nations. For the succeeding twelve-month period the yen will be taken at the average exchange value for the five-year period 1931-35, computed on the same basis, and similarly for each succeeding year."

So that the rate for 1937 is now set? A. Yes.

BY MR. KELLOCK: . And, Mr. Watson, I see --

about the average between 1931 and 1936.

MR. KILLOCK: 1931 and 1936.

THE WITNESS: Is the rate for 1936.

THE COMMISSIONER: That is what I thought. Let me

see the latter again.

MR. KILLOCK: That is exactly all, my lord.

THE COMMISSIONER: I remember reading this yesterday.

Q. It says in the first place that

"In computing the value for duty of goods of a

class or kind not made or produced in Canada, the

value of the year will be the current exchange

value in terms of the Canadian dollar at the

time the goods were exported to Canada."

and then, "In computing the value for ordinary duty and

for special duty under section 6 of the Customs

Act of goods of a class or kind made or produced

in Canada the value of the year during the twelve

months beginning January 1st, 1936, will be at

the rate of 30.5 cents; being the average exchange

value of the year, in terms of the Canadian dollar,

for the five year period 1931-35, based on the

exchange rates published in the Statistical Year

Book of the League of Nations. For the

year period 1931-35, computed on the same basis,

and similarly for each succeeding year."

A. Yes.

Q. Now the rate for 1937 is now set?

A. Yes.

Q. And, Mr. Watson, I see --

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THE COMMISSIONER: What is it going to be?

MR. KELLOCK: 35 cents, my lord. Mr. Watson,

I see that attached to this computation which perhaps
might go in all as one exhibit, my lord, is the source
of the computation which is the League of Nations
Monthly Bulletin of Statistics of December, 1935, which
is the authority, as your lordship has just read, which
is to be taken as the basis. That will be exhibit --

MR. McRUER: Who compiled that?

MR. KELLOCK: The basis, Mr. McRuer, is the League
of Nations Monthly Bulletin of Statistics, and then
the computation --

THE COMMISSIONER: Have you that bulletin here?

MR. KELLOCK: Just copied, my lord.

THE COMMISSIONER: Is that the whole bulletin?

MR. KELLOCK: No, it is just the figures taken from
the bulletin.

THE COMMISSIONER: I say have you the bulletin here?

MR. KELLOCK: I am instructed, my lord, that we
cannot get a copy, that the Bank of Montreal has the
bulletin.

THE COMMISSIONER: Is there any objection to that
document, Mr. McRuer?

MR. McRUER: Well, it seems a round about way of
doing it. I think we can get from the Department of
Finance a calculation of what the exchange rates will be
if it can be calculated under this convention that has
been entered into, but to have this witness produce
something on exchange which he says some other body
compiled, exchange is a thing which is in the realm of

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THE CHAIRMAN: That is it going to be?

I see that attached to this constitution which perhaps
might go in all as one exhibit, my lord, as the source
of the constitution which is the League of Nations
Monthly Bulletin of Statistics of December, 1926, this
is the authority, as your lordship has just read, which
is to be taken as the basis. That will be exhibit --

MR. HILLOCK: The basis, my lord, is the League
of Nations Monthly Bulletin of Statistics, and then
the constitution --

MR. HILLOCK: That is correct, my lord.
THE CHAIRMAN: Is that the whole of it?
MR. HILLOCK: No, it is just the figures taken from
the bulletin.

THE CHAIRMAN: I see; I may have had the bulletin but
MR. HILLOCK: I am instructed, my lord, that we
cannot get a copy, that the Bank of Montreal has the
bulletin.

THE CHAIRMAN: Is there any objection to that
document, Mr. HILLOCK?

MR. HILLOCK: Well, it seems a round about way of
getting it. I think we may have the bulletin of
Finance a calculation of what the exchange rates will
be at the end of the year and the constitution of the
League of Nations, but I think that will be all right.
The constitution which he says is not a body
of law, it is a treaty which is in the realm of

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experts and we are very far from experts at the beginning of it now.

THE COMMISSIONER: Let me see that. It is sworn to be taken from this League of Nations Monthly Bulletin of Statistics which is a very important publication, of course.

MR. KELLOCK: My lord, I am told that Major Hallam got the figures from the bulletin in the possession of the Bank of Montreal and that he corresponded with Mr. Skelton as to which figures in that bulletin to use. These figures were taken by Major Hallam and the computation is Major Hallam's.

THE COMMISSIONER: He had better put it in then, and be examined on it.

MR. KELLOCK: Very well, my lord.

THE COMMISSIONER: Instead of Mr. Watson, we just let it go for the present. Alright, it is not going in just now.

MR. McRUER: We can get an expert that will put this in accurately.

THE COMMISSIONER: Well, we will have Major Hallam whenever Mr. Kellock wants to put him in the box to put that in. Then, if we have any other better evidence we will have that too.

BY MR. KELLOCK: Q. Then, Mr. Watson, dealing with your own situation for the moment; what is your position in regard to production in your own mills at the present time? A. We are slowly contracting production.

Q. To what extent?

A. Well, during the

experts and we are very far from experts at the bottom of it now.

THE COMMISSIONER: Let me see that. It is wrong to be taken from this League of Nations Monthly Bulletin of Statistics which is a very important publication, of course.

MR. KELLOCK: My lord, I am told that Major Halliday got the figures from the Bulletin in the possession of the Bank of Montreal and that he corresponded with Mr. Skelton as to which figures in that Bulletin to use. These figures were taken by Major Halliday and the computation is Major Halliday's.

THE COMMISSIONER: He had better put it in there, and be examined on it.

MR. KELLOCK: Very well, my lord. THE COMMISSIONER: Instead of Mr. Watson, no, just let it go for the present. All right, it is not going in just now.

MR. MORRIS: We can get an expert that will put this in accurately.

THE COMMISSIONER: Well, we will have Major Halliday whenever Mr. Kellock wants to put him in the box to put that. Then, if we have any other better evidence we will have that too.

BY MR. KELLOCK: A. Then, Mr. Watson, dealing with your own situation for the moment; what is your position in regard to protection in your own mills at the present time? A. We are slowly converting pro-

tection. A. To what extent? A. Well, during the

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P.R. Watson,

year -- during last year we worked overtime in January, February, March and April and at the present time we are operating Valleyfield instead of 55 hours 41 hours and St. Catharines 41 hours instead of 50 hours.

5 Q. Why is that? A. Well, we are a bit afraid of the future.

BY THE COMMISSIONER: Q. Tell me those hours again, please; Valleyfield, what hours? A. Valleyfield is now operating 41 hours instead of the normal week of 55 and St. Catharines --

10 Q. You mean to say that at this time last year you were working 55 and now you have cut it down to 41 hours? A. Yes.

15 Q. What about St. Catharines? A. St. Catharines normally works 50 and we are working 41 at the moment.

BY MR. KELLOCK: Q. In your Valleyfield figures of \$ 55, do those figures include your overtime last year? A. No, that was the normal work week.

20 Q. Last year for some time were you working overtime? A. It is my impression we were, but if you want the information I would gladly get it.

Q. That is your impression? A. That is my impression.

25 Q. You were starting to tell his lordship as to why that curtailment is in force? A. We believe that under the present rate, structure of protection, that a certain amount of our production will be affected by Japanese importations and as it takes a considerable length of time to get your house

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Q. -- During last year we worked overtime in February, March and April and at the present time we are operating Valleyfield instead of 65 hours 41 hours and St. Catharines 41 hours instead of 60 hours.

A. Well, we are a bit of a bit of the future.

BY THE COMMISSIONER: Q. Tell me those hours are 41 hours Valleyfield, and 41 hours St. Catharines --

A. Yes. 41 hours? You were working 65 and now you have cut it down to 41 hours?

Q. What about St. Catharines? A. St. Catharines normally works 60 and we are working 41 at the moment. BY MR. KELLACK: Q. In your Valleyfield figures of \$ 55, do these figures include your overtime last year? A. No, that was the normal work.

Q. Last year for some time were you working over 41 hours? A. It is my impression we were, but if you want the information I would gladly get it. Q. That is your impression? A. That is my impression.

Q. You were starting to tell his lordship as to why that curtailment is in force? A. No.

believe that under the present rate, structure of the industry, that a certain amount of overtime is necessary. All of which is to be done in the future.

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in order we feel it is time to start and do so.

MR. McRUER: Just a moment, now; would you read that answer? I want to get that.

-- Reporter reads answer as follows:

5 "A. We believe that under the present rate, structure of protection, that a certain amount of our production will be affected by Japanese importations and as it takes a considerable length of time to get your house in order we feel it is time to start and do so."

10 BY MR. KELLLOCK: Q. What about keeping up your stocks, Mr. Watson, for the purpose of meeting the demand? A. Well, our stocks at the end of the year were the highest they were since the inception of the business.

15 BY THE COMMISSIONER: Q. At the end of what year? A. 1935, and we, by necessity, must carry heavy stocks to look after the trade properly but we took the attitude that we should continue to operate if possible because we believe we have some -- that we should give our
20 employees as much work as possible, and if, as in other years, the normal selling in January, February, March and April, was larger than our production that we would be able to dispose of the goods in as long as the competition was going to be domestic. In other
25 words, if the whole of the domestic consumption was going to go to some domestic producer we were prepared to take our chances and see that we got our share. When we come to the conclusion that some of the domestic
30 production will be imported where we have very little idea what they may quote and it is hard for us to define

in order we feel it is time to start and do so.

that answer? I want to get that.

-- Reporter reads answer as follows:

"A. We believe that under the present tariff, protection

of protection, that a certain amount of our production

will be attracted by Japanese importations and

it takes a considerable length of time to get your

house in order we feel it is time to start and do

BY MR. KATHLOON: What about keeping up your

stocks, Mr. Watson, for the purpose of meeting the

demand?

A. Well, our stocks at the

end of the year were the highest they were since the

inception of the business.

BY THE COMMISSIONER: At the end of that year

we look after the trade properly but we took the attitude

that we should continue to operate if possible because

we believe we have some -- that we should give our

employees as much work as possible, and if, as in other

years, the normal selling in January, February, March

and April, was larger than our production that we

would be able to dispose of the goods in as long as

the competition was going to be domestic. In other

words, if the whole of the domestic consumption was

going to go to some domestic producer we were prepared

to take our chances and see that we got our share.

Then we come to the conclusion that some of the domestic

production will be imported where we have very little

production and it is not as if we have no production

what losses we may take then we think that discretion is the better part of valour.

Q. What are the factors in bringing about that decision on the part of your company? A. Well, the buyers' minds are in a quandary. I believe that most of the Canadian buyers want to buy domestic goods but out of deference to their own position, if they can buy just as good merchandise cheaper than the domestic merchandise can be sold, they must, by necessity of protecting their own position, work with the minimum of firm orders with domestic mills and a minimum of stock to put themselves in a position to with the same kind of merchandise/competing with who or whatever might come along.

Q. Then, what you have in mind as the real factor is possible or actual Japanese competition?

A. Not actual; I don't think there has been enough importations of Japanese material at the moment to particularly affect the situation. It is the probabilities of what will happen due to firm quotations that have been circulated through the trade.

Q. You have some knowledge of that, have you, Mr. Watson? A. I have discussed it with one or two.

Q. And have you discussed it sufficiently to come to the decision you have or is that/only thing that has led you to make that decision? A. May I have the question again, please?

Q. I say -- you say you have discussed that situation with one or two and my question is have you

What I am to say here is that this situation
is the better part of valour.

What are the factors in bringing about this
decision on the part of your country?

The factors, which are in a group. I believe that
most of the American people want to see America

but out of deference to their own position, it may
can pay just as good merchandise as ever then the

domestic merchandise can be sold, and that, by
necessity of necessity, it is not possible to work

with the minimum of time and with domestic mills
and a minimum of cost to the consumer in a position

with the same kind of merchandise as that which
or whatever else comes along.

Then, what you have in mind as the real
factor in possible or actual increased competition?

Not really; I don't think there has been enough
importation of foreign material at the moment to

particularly affect the situation. It is the
probability of that will happen due to firm support

that have been affected through the trade.

You have some knowledge of that, have you?
Mr. Bridle: I have observed it with me

or two.

And have you observed it sufficiently to con-
sider the possibility of that being a thing that

led you to make that decision?

discussed that sufficiently to your own satisfaction to make you come to the decision you have or have you any other ground for the decision that you have reached?

5 A. Oh, there are other factors; I mean I believe there has been some potential over-production of Canadian mills, but even if there is I don't think allowing importations from other countries to come in helps the situation any.

10 BY THE COMMISSIONER: Q. What do you mean by potential over-production? A. I believe there has been produced more goods --

Q. Well, that is actual, not potential?
A. Yes.

15 BY MR. KILLOCK: Q. You were speaking about that; you said you did not think importations helped that situation any; what do you mean by that?

20 A. Well, the very fact that they feel that they may eventually be able to bring in goods under present rates of tariff cheaper than the domestic prices puts buyers' minds in a quandary, as I have said before, and makes them even work closer than they would under ordinary circumstances, and that cuts down the demand for Canadian made merchandise. Maybe they are super-
25 cautious, maybe we are super-cautious, I don't know.

Q. What is the difference between the situation now and prior to the 1st of January last?

30 A. Well, prior to January, 1936, the declared value for duty purposes kept the Japanese from dumping merchandise on this market.

BY MR. McIVER: Q. Kept them from selling it

discussed that sufficiently to form an estimate of
to make you come to the decision you have or have not
any other ground for the decision that you have reached.
A. Oh, there are other factors; I mean I believe there
has been some potential over-production in the
oil, but even if there is I don't think it
importations from other countries is some in
the situation any.

BY THE COMMISSIONER: Q. What do you mean by
potential over-production?
A. I believe there
has been produced more goods --
A. Well, that is correct, not potential.
A. Yes.

BY MR. KILGORE: Q. You were speaking about that
the oil was not in the oil fields in the
of that any; what do you mean by that?
A. Well, the very fact that they feel that they may
eventually be able to bring in goods under present
rates or tariff cheaper than the domestic prices paid
abroad, since in a general way, as I have said before,
and makes them even more certain that they could under
ordinary circumstances, and that cuts down the demand
for Canadian made merchandise. In fact, the higher
conditions, maybe we are under-conditions, I don't know.
A. That is the difference between the two.

Q. And what is the difference between the two?
A. Well, there is a difference, there is a difference
for any country that has a surplus of goods
like in this case.

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altogether? A. Well, statistics would prove that.

BY MR. KELLOCK: Q. Mr. Watson, do you look upon the change as a serious situation at all, or not?

A. I do. I think it is serious enough that it should be given the immediate consideration that is being given by this inquiry.

Q. Have you any information as to the situation in Great Britain as compared to the situation in

Canada?-- A. I just came back --

THE COMMISSIONER: Just a minute, you better listen to the question. I don't know just what it is yet.

MR. KELLOCK: It was incomplete; from the standpoint--

THE COMMISSIONER: The witness interrupted you; what is the question?

BY MR. KELLOCK: Q. I asked the witness if he had any information as to the situation in Great Britain as compared to the situation in Canada from the standpoint of Japanese competition? A. I have just returned in March from a business trip to England and if a comparatively free trade country like Great Britain finds it necessary to levy tariff rates against Japanese goods that they do I believe that the present rates in Canada are wholly inadequate.

Q. I want to get some specific information from you a little later on on that point. Now, going back, Mr. Watson, to your own situation. You have said that the buyers from your discussion and so on were somewhat in a quandary. What effect, if any, has

altogether A. Well, statistics would prove

BY MR. KILBICK: A. Mr. Watson, do you look upon

the change as a serious situation at all, or not?

A. I do. I think it is serious enough that it should

be given the immediate consideration that is being

given by this inquiry.

Q. Have you any information as to the situation

in Great Britain as compared to the situation in

Canada?-- A. I just came back --

THE COMMISSIONER: Just a minute, you better

listen to the question. I don't know just what it is

that.

MR. KILBICK: It was incomplete; from the standpoint

of the inquiry, the witness is not interested.

What is the question?

BY MR. KILBICK: Q. I asked the witness if he had

any information as to the situation in Great Britain

as compared to the situation in Canada from the standpoint

point of Japanese competition? A. I have in

returned in March from a business trip to England and

it is comparatively free trade country like Great Britain

there is necessary to levy tariff rates against Japan

goods that they do I believe that the present rates

Canada are wholly inadequate.

Q. I want to get some specific information from

you a little later on on that point. Now, going

back to the inquiry, is there any situation, any fact

said that the buyers from your discussion and so on

with respect to a quantity. What effect, if any,

that had on your disposing of your present stocks or any future stocks that you might manufacture?

I mean, how are the purchases?

A. They are very

much hand to mouth.

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Q. It is hand to mouth?

A. Very much hand

to mouth.

Q. You have explained that is due, in your opinion, at least, to these quotations of which you have some knowledge?

A. Yes.

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MR. McRUER: He didn't say that.

MR. KILLOCK: Yes, he said that. And it has been suggested in the evidence, Mr. Watson, that so far as the actual importations from Japan are concerned at the moment they are to a large extent, at least, of an inferior grade or grades of merchandise. Now, how does that affect the situation of your companies in marketing your goods if it affects them at all?

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A. I think that affects us in two ways. If you grant that they are inferior, and they are brought in they will in time be used for some uses that a better grade Canadian merchandise would be used for, although I don't grant that they are inferior. Secondly I feel that similar goods are being made by Canadian mills, and that if these Canadian mills that are making similar goods, if that business is taken away from them, the machinery is here and they have organizations to maintain and labour to keep employed, and they are going to try to make other types of merchandise that other Canadian mills are making and intensify the competition on those so that the competition is

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she had on your disposing of your present stocks in
any future stocks that you might manufacture?

I mean, how are the purchases?

A. They are very much more.

... it is hard to month?

A. Very much more.

... You have explained that is due, in your opinion

at least, to these quotations of which you have some

knowledge?

A. Yes.

MR. BRIDGES: He didn't say that.

MR. BRIDGES: Yes, he said that. And it has been

suggested in the evidence, Mr. Watson, that as far

as the actual importations from Japan are concerned

at the present they are to a large extent, at least,

an inferior grade of goods or grades of merchandise.

Now does that affect the situation of your companies

in marketing your goods if it affects them at all?

A. I think that affects us in two ways. If you

grant that they are inferior, and they are, it is in

the way of time he used for some uses that he

better grade Canadian merchandise would be used for.

although I don't grant that they are inferior. Because

I feel that similar goods are being made by Canadian

millers, and that if these Canadian mills that are

making similar goods, if that business is taken away

from them, the machinery is here and they have orga-

nizations to maintain and labor to keep employed, and

they are going to try to make other types of merchandise

like that. Her Canadian mills are making and increasing

the competition in the market that the competition is

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really cumulative.

Q. Now, a little more generally for the moment; what knowledge have you as to whether or not the textile industry in Canada purchases goods from Japan?

A. Well, we buy raw silk from Japan.

Q. Have you any definite information on that?

A. We have a wire from the Dominion Bureau of Statistics saying that in 1935 the Canadian Textile Trade purchased 2,942,682 pounds of raw silk from Japan valued at \$4,740,466. Part of this came direct and part came indirectly through the United States.

Q. Then, there was a matter which was mentioned this morning --

BY THE COMMISSIONER: Q. Pardon me, you are referring to natural silk? A. Natural skein silk for manufacturing into fabrics.

MR. KILLOCK: I have the original of that telegram. I don't know whether your lordship would like it filed or not.

THE COMMISSIONER: Well, we have it on the record.

MR. KILLOCK: Yes, my lord. There was a matter mentioned this morning, and that dealt with wages in Japan. Now, what information, if any, has come

to your knowledge on that subject? A. Well, the Japan Year Book from Tokyo, 1934 shows on page 853 and 854 that the total factory wages in 1933 in average rates per hour in sen, which is the Japanese money, was 12 and that the textile industry average sen wages per hour was 7. Now, one hundred sen equals one yen and at 29 cents to the yen 12 sen would be

Twenty-five.

What knowledge have you of the situation of the

Well, we have seen silk from Japan.

Have you any definite information on that?

We have a line from the committee on the

saying that in 1935 the Canadian textile

2,950,000 pounds of raw silk from Japan valued at

\$2,700,400. Part of this came direct from Japan

indirectly through the United States.

Then, there was a matter which was mentioned

this morning --

My first question was: Is there any

to natural silk?

and weaving into fabric.

My second question: I have the impression of that

I have seen many of these things in the

or not.

The committee: Well, we have it on the record

we have seen in 1935, when we had a

mentioned that morning, and that dealt with values in

Japan. Now, what information, if any, has come

to your knowledge on that subject?

Well, we have seen from Japan, 1935 alone on

and that the total output was in fact in

and we have seen in 1935, which is the Japanese

the textile industry, which is the Japanese

the textile industry, which is the Japanese

the textile industry, which is the Japanese

3½ cents per hour and seven sen would be 2 cents per hour. But I don't believe that figure includes housing and certain things that they have.

5 BY MR. McRUER: Q. Board? A. I would not care to say about board. They do in some cases.

BY MR. KELLOCK: Q. What you say is so far as you know that is simply the actual wage? A. The actual monies paid them.

10 Q. Now, that was for 1934; have you any information as to any change in subsequent years or what the trend was?

15 A. Well, from page 341 of the Tenth Annual Bulletin of the Financial and Economic Statistics of Nippon, Kobe University, 1935 they give a table of index numbers of wages in 13 principal cities, and sub-divided thereunder is the textile industry. In 1930 it was 92.5 and in 1933 it was 77.7.

BY THE COMMISSIONER: Q. What is this?

A. This is the wage index.

20 Q. And that means? A. Yen -- well, I don't know what that is. It is a wage index. I would imagine it would be stated in yen. I don't see how they could state it in any other way.

25 MR. KELLOCK: I don't know that an index is stated as a matter of currency at all. It is merely a standard.

THE WITNESS: That is right.

30 THE COMMISSIONER: Unless we know what the standard is the portions of it don't mean anything. What is the standard, what is 100?

... cents per hour and seven per hour would be 8 cents
hour. But I don't believe that figure is correct
housing and certain things that they have.

BY MR. BRYDIE: Q. Board?
A. I would
care to say about board. They do in some cases
know that is simply the actual value
monies paid them.

Q. Now, that was for 1934; have you any infor-
as to any change in subsequent years or what the
A. Well, from page 241 of the Tariff

Annual Bulletin of the Financial and Economic Statistics
of Nippon, Kobe University, 1935 they give a table
index numbers of wages in 13 principal cities, and
sub-divided thereunder is the textile industry.

In 1930 it was 92.5 and in 1933 it was 77.7.

BY THE COMMISSIONER: Q. What is this?

A. This is the wage index.

Q. And that means?
A. Yes -- well, I don't
know what that is. It is a wage index. I would
imagine it would be stated in Yen. I don't see how
they could state it in any other way.

MR. BRYDIE: I don't know that an index is
stated as a matter of currency at all. It is merely
a statement.

THE COMMISSIONER: That is right.

THE COMMISSIONER: Unless we know what the
standard is the portions of it don't mean anything.
What is the standard, what is 1930?

MR. KILLOCK: I cannot say, my lord, except that it does show the trend, simply the trend. It was down; that is all.

THE COMMISSIONER: Down as compared to what other time?

MR. KILLOCK: Well, for instance, the authority says "In April 1934 when the old index figure was at 79.4". Now, that was apparently on some previous basis. "This index figure was taken to equal 100. In January, 1935 the new index figure was 101.6 and in June, 1935 the index figure was 99.5, which means there was no material advance in wages over April 1934." It was static or slightly down. Now, you mentioned that the figure which you had given for the textile industry being equal to some two cents so far as you knew did not include anything but the actual money paid. Have you any information as to whether or not that figure has to be added to by other considerations?

A. I have an extract here from the Economic Conditions In Japan, 1933-1934 published by His Majesty's Stationery Office, London where under "b" they have -- "An Annual enquiry made by the Cabinet Statistical Bureau, covering 935 factories and 392,204 workers, gives for the year 1933"--

and then it is sub-divided, factory workers, men, average wages end of 1933 in yen were 2.621 per diem, per diem being per day; women, .737 per diem; all workers 1.956 per diem and they show the average working hours, ten hours and ten minutes per diem, less average

rest periods, fifty-seven minutes. Then it says further --

"These amounts include all allowances, bonus, etc.

The highest average wage for men was 3.225 yen in the metal working trades; the lowest 1.424 yen in the textile trades."

Q. What is that in cents, have you got that?

A. Worked out at 29 cents to the yen including all allowances, bonus, the average worked out with ten hours and ten minutes and with an average rest period, 57 minutes, the wage rate per day at 29 cents to the yen was men, 73.91 cents and women 20.78 cents.

Q. Have you any further information on that subject, the subject of wages? A. I have a further extract --

BY THE COMMISSIONER: Q. Is that in addition to board or lodging? A. No, that includes all allowances, bonuses, board and lodging.

Q. Does it say that? A. Yes, sir.

Q. Read that again? A. "These amounts include all allowances, bonus, etc".

Q. Allowances, would that include board and lodging? I understand the women sleep on these premises and get their meals there? A. That is quite right, sir.

Q. Do you think that is covered by allowances?

A. I would read this to say so.

Q. I am not sure.

MR. KELLOCK: It is an official British Government publication, my lord. I think the import of the article

test periods, fifty-seven minutes. Then it says

Further --

"These amounts include all allowances, bonus, etc.

The highest average wage for men was \$3.25 per

in the metal working trades; the lowest \$1.424

men in the textile trades."

Q. What is that in cents, have you got that?

A. Worked out at 39 cents to the men including all

allowances, bonus, the average worked out with ten

hours and ten minutes and with an average test period

67 minutes, the wage rate per day at 39 cents to the

men was men, 78.91 cents and women 39.78 cents.

Q. Have you any further information on that

subject, the subject of wages?

A. I have a

Further extract --

BY THE COMMISSIONER: Q. Is that in addition to

board or lodging? A. No, that includes all

allowances, bonuses, board and lodging.

Q. Does it say that? A. Yes, sir.

Q. Read that again? A. "These amounts

include all allowances, bonus, etc."

Q. Allowances, would that include board and

lodging? I understand the women sleep on these

premises and get their meals there? A. That is

quite right, sir.

Q. Do you think that is covered by allowances?

A. I would read this to say so.

-- I am not sure.

THE COMMISSIONER: Q. Is it not correct that the

allowances, I think, the lowest of the

is as the witness states.

5 THE COMMISSIONER: You might try and get some information on that, Mr. McPuer, about what allowances they are. These figures give the usual wages paid to men and women at so much per day including allowances, bonus and so on, but I don't know -- there is nothing there to tell me whether that includes an allowance set aside for their board, and for their lodging. I know in many of these places the workers live on the premises, are fed there and sleep there. Now, whether or not the word allowances is meant to put a value on what they get or not, I don't know. I don't think the witness knows either.

10 MR. KELLOCK: I think there is some further information which we have on that from another source.

15 THE COMMISSIONER: It is very important.

MR. McPUER: What did this come from, this statement?

MR. KELLOCK: It comes from the Economic Conditions In Japan, issued by the Department of Overseas Trade of His Majesty's Stationery Office, 1933-34, page 29.

20 Q. Have you any further information on the subject of wages in Japan?

A. An extract from the 34th Financial and Economic Annual of Japan, 1934, Department of Finance, page 91.

25 Q. That apparently is a Japanese official government publication?

A. That is right.

Q. Yes.

A. It gives a table called number one in which it shows the wages in Japan in 1933 in Canadian dollars. Then it gives the kind of employment and it runs like cotton spinner, silk

1997-1998 2000-2001 2002-2003 2004-2005 2006-2007 2008-2009 2010-2011 2012-2013 2014-2015 2016-2017 2018-2019 2020-2021 2022-2023 2024-2025 2026-2027 2028-2029 2030-2031 2032-2033 2034-2035 2036-2037 2038-2039 2040-2041 2042-2043 2044-2045 2046-2047 2048-2049 2050-2051 2052-2053 2054-2055 2056-2057 2058-2059 2060-2061 2062-2063 2064-2065 2066-2067 2068-2069 2070-2071 2072-2073 2074-2075 2076-2077 2078-2079 2080-2081 2082-2083 2084-2085 2086-2087 2088-2089 2090-2091 2092-2093 2094-2095 2096-2097 2098-2099 2100-2101 2102-2103 2104-2105 2106-2107 2108-2109 2110-2111 2112-2113 2114-2115 2116-2117 2118-2119 2120-2121 2122-2123 2124-2125 2126-2127 2128-2129 2130-2131 2132-2133 2134-2135 2136-2137 2138-2139 2140-2141 2142-2143 2144-2145 2146-2147 2148-2149 2150-2151 2152-2153 2154-2155 2156-2157 2158-2159 2160-2161 2162-2163 2164-2165 2166-2167 2168-2169 2170-2171 2172-2173 2174-2175 2176-2177 2178-2179 2180-2181 2182-2183 2184-2185 2186-2187 2188-2189 2190-2191 2192-2193 2194-2195 2196-2197 2198-2199 2200-2201 2202-2203 2204-2205 2206-2207 2208-2209 2210-2211 2212-2213 2214-2215 2216-2217 2218-2219 2220-2221 2222-2223 2224-2225 2226-2227 2228-2229 2230-2231 2232-2233 2234-2235 2236-2237 2238-2239 2240-2241 2242-2243 2244-2245 2246-2247 2248-2249 2250-2251 2252-2253 2254-2255 2256-2257 2258-2259 2260-2261 2262-2263 2264-2265 2266-2267 2268-2269 2270-2271 2272-2273 2274-2275 2276-2277 2278-2279 2280-2281 2282-2283 2284-2285 2286-2287 2288-2289 2290-2291 2292-2293 2294-2295 2296-2297 2298-2299 2300-2301 2302-2303 2304-2305 2306-2307 2308-2309 2310-2311 2312-2313 2314-2315 2316-2317 2318-2319 2320-2321 2322-2323 2324-2325 2326-2327 2328-2329 2330-2331 2332-2333 2334-2335 2336-2337 2338-2339 2340-2341 2342-2343 2344-2345 2346-2347 2348-2349 2350-2351 2352-2353 2354-2355 2356-2357 2358-2359 2360-2361 2362-2363 2364-2365 2366-2367 2368-2369 2370-2371 2372-2373 2374-2375 2376-2377 2378-2379 2380-2381 2382-2383 2384-2385 2386-2387 2388-2389 2390-2391 2392-2393 2394-2395 2396-2397 2398-2399 2400-2401 2402-2403 2404-2405 2406-2407 2408-2409 2410-2411 2412-2413 2414-2415 2416-2417 2418-2419 2420-2421 2422-2423 2424-2425 2426-2427 2428-2429 2430-2431 2432-2433 2434-2435 2436-2437 2438-2439 2440-2441 2442-2443 2444-2445 2446-2447 2448-2449 2450-2451 2452-2453 2454-2455 2456-2457 2458-2459 2460-2461 2462-2463 2464-2465 2466-2467 2468-2469 2470-2471 2472-2473 2474-2475 2476-2477 2478-2479 2480-2481 2482-2483 2484-2485 2486-2487 2488-2489 2490-2491 2492-2493 2494-2495 2496-2497 2498-2499 2500-2501 2502-2503 2504-2505 2506-2507 2508-2509 2510-2511 2512-2513 2514-2515 2516-2517 2518-2519 2520-2521 2522-2523 2524-2525 2526-2527 2528-2529 2530-2531 2532-2533 2534-2535 2536-2537 2538-2539 2540-2541 2542-2543 2544-2545 2546-2547 2548-2549 2550-2551 2552-2553 2554-2555 2556-2557 2558-2559 2560-2561 2562-2563 2564-2565 2566-2567 2568-2569 2570-2571 2572-2573 2574-2575 2576-2577 2578-2579 2580-2581 2582-2583 2584-2585 2586-2587 2588-2589 2590-2591 2592-2593 2594-2595 2596-2597 2598-2599 2600-2601 2602-2603 2604-2605 2606-2607 2608-2609 2610-2611 2612-2613 2614-2615 2616-2617 2618-2619 2620-2621 2622-2623 2624-2625 2626-2627 2628-2629 2630-2631 2632-2633 2634-2635 2636-2637 2638-2639 2640-2641 2642-2643 2644-2645 2646-2647 2648-2649 2650-2651 2652-2653 2654-2655 2656-2657 2658-2659 2660-2661 2662-2663 2664-2665 2666-2667 2668-2669 2670-2671 2672-2673 2674-2675 2676-2677 2678-2679 2680-2681 2682-2683 2684-2685 2686-2687 2688-2689 2690-2691 2692-2693 2694-2695 2696-2697 2698-2699 2700-2701 2702-2703 2704-2705 2706-2707 2708-2709 2710-2711 2712-2713 2714-2715 2716-2717 2718-2719 2720-2721 2722-2723 2724-2725 2726-2727 2728-2729 2730-2731 2732-2733 2734-2735 2736-2737 2738-2739 2740-2741 2742-2743 2744-2745 2746-2747 2748-2749 2750-2751 2752-2753 2754-2755 2756-2757 2758-2759 2760-2761 2762-2763 2764-2765 2766-2767 2768-2769 2770-2771 2772-2773 2774-2775 2776-2777 2778-2779 2780-2781 2782-2783 2784-2785 2786-2787 2788-2789 2790-2791 2792-2793 2794-2795 2796-2797 2798-2799 2800-2801 2802-2803 2804-2805 2806-2807 2808-2809 2810-2811 2812-2813 2814-2815 2816

6375

P.R. Watson,

thrower, cotton weaver, hosiery knitter, lathe man, founder, blacksmith, cement maker, brick maker, and that runs all the way from 18.71 cents per day to 64.53 cents per day.

5

Q. That is converted into cents? A. That is right.

THE COMMISSIONER: Have you, Mr. Kellock, the report of an investigation made by the International Labour Bureau of the League of Nations on these questions affecting Japan?

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MR. KELLOCK: Of the League of Nations?

THE COMMISSIONER: The International Labour Bureau of Geneva sent an investigator into Japan about two years ago to examine these very things.

15

MR. KELLOCK: No, my lord.

THE COMMISSIONER: He made a report.

MR. KELLOCK: We haven't that, my lord. My friend, Mr. Kallam has some things. It has not come to my attention. We have tried to get the most authoritative.

20

THE COMMISSIONER: I think I could let you have it only I haven't it here.

MR. KELLOCK: We have tried to take these from government sources insofar as it is possible.

25

THE COMMISSIONER: Of course, this is from the International Labour Bureau.

THE WITNESS: We have one here from the International Labour Review, Geneva.

30

MR. MEYER: That is a different thing; that is a publication. This is a report of an investigation.

THE COMMISSIONER: Have you it?

MR. McRUER: No, I haven't got it.

MR. KELLOCK: Then, you referred to the International Labour Review of Geneva. That, my lord, is in the library of the University of Toronto. There is only one copy.

THE COMMISSIONER: What is it?

MR. KELLOCK: It is the International Labour Review published at Geneva, January, 1928.

Q. What does it say, Mr. Watson? A. "Taking the value of the yen at 28.57 cents the salaries given above, in Canadian currency are"-- and for typists they range between \$10.28 and \$11.42 per month, office workers \$7.42 to \$8.57 per month, telephone operators, \$8.85 to \$9.99 per month and shop assistants \$7.42 to \$8.57 per month.

Q. Now, just coming back for a moment. I would like you to deal with the trend of Japanese wages, if you can give his lordship anything more on that?

A. I have an extract here from the 34th Financial and Economic Annual of Japan, 1934, Department of Finance, Tokyo, page 91 showing that the trend in yen is downward.

Q. During what years? A. From the year 1928 to the year 1933. It ~~shows~~ gives under the heading silk weaver, female, 1928, 1.12 yen and 1933, .80 yen.

BY THE COMMISSIONER: Q. Per day? A. Per day, yes sir.

BY MR. KELLOCK: That deals entirely with textile workers? A. Yes, it is cotton spinners,

Q. Now, I haven't got it.

A. Well, then, you referred to the International Labour Review of Geneva. That, my friend, is in the library of the University of Toronto. There is only one copy.

Q. Now, I haven't got it.

A. Well, it is in the International Labour Review published at Geneva, January, 1938.

Q. Now, I haven't got it.

A. Well, the value of the yen at 28.87 cents the unit was above, in Canadian currency and for typical they range between \$10.48 and \$11.42 per month, and for the 28.87 to 28.87 per month, telephone operator 28.87 to 28.87 per month and shop assistants 28.87 to 28.87 per month.

Q. Now, just coming back for a moment. I would like you to deal with the trend of Japanese wages, I think you can give him something more on that.

A. I have an extract here from the 1934 Statistical Yearbook of Japan, 1934, Department of Finance, page 21 showing that the trend in yen is down.

Q. During what years?

A. From the year 1928 to the year 1938. It shows a rise under the heading silk reaper, female, 1928, 1.12 yen and 1938, 1.12 yen.

Q. Now, I haven't got it.

A. For the year 1938.

Q. Now, I haven't got it.

A. For the year 1938.

silk throwers, cotton weavers, silk weavers, hosiery knitters, male and female.

Q. What happened in 1934 and 1935? That takes us down to the end of 1933. A. I have an extract from the 10th Annual Bulletin of the Financial and Economic Statistics of Nippon, 1913-1935, Kobe University of Commerce, 1935, pages 346 to 348. Index numbers of wages, 1926 = 100. It shows weaving 1932, 73.1, May, 1935 73.4; silk reellers, 1932 63.7, May, 1935 61.3; spinners, 1932, 75.2 and 66.7.

Q. In 1935? A. In May, 1935. Weaving is the only one in which it was just three-tenths of a point higher. The rest are all downwards.

THE COMMISSIONER: Well, Mr. Kellock, we will adjourn until two o'clock.

-- The Commission adjourned at 12.30 p.m. to resume at 2 o'clock p.m.

(page 6380 follows)

1935

knitters, male and female.

2. What happened in 1934 and 1935? That takes

us down to the end of 1935. A. I have an

extract from the 10th Annual Bulletin of the

University of Commerce, 1935, pages 246 to 248.

Index numbers of wages, 1928 = 100. It shows weekly

1935, 1934, 1933, 1932, 1931, 1930, 1929, 1928.

1935, 1934, 1933, 1932, 1931, 1930, 1929, 1928.

1935, 1934, 1933, 1932, 1931, 1930, 1929, 1928.

1935, 1934, 1933, 1932, 1931, 1930, 1929, 1928.

1935, 1934, 1933, 1932, 1931, 1930, 1929, 1928.

1935, 1934, 1933, 1932, 1931, 1930, 1929, 1928.

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1935, 1934, 1933, 1932, 1931, 1930, 1929, 1928.

1935, 1934, 1933, 1932, 1931, 1930, 1929, 1928.

1935, 1934, 1933, 1932, 1931, 1930, 1929, 1928.

AFTERNOON SESSION

-- On resuming at 2.15 P.M.

PIERCE WATSON, EXAMINATION

5 BY MR. KELLOCK (Resumed)

Q. Mr. Watson, just before the adjournment you had given his Lordship some figures down to the end of 1933 as to Japanese wages, and I was asking you what happened in 1934 and 1935? A. I think we had answered that, sir.

Q. That was answered, was it? A. I think so.

Q. Very well. Then I want you to tell, so far as you have been able to find out, the reason for these low wages in Japan? A. Well, I have here an extract from a publication called "Recent developments in the foreign trade of Japan", Report 105, United States Tariff Commission, Washington. Published in Washington in 1936. At page 26 they say:

"Less expensive standard of living:

- (a) Simplicity of tastes of Japanese working population.
- (b) Costs of staples such as fish, fresh vegetables and cotton textiles have been much lower than in Western countries."

BY THE COMMISSIONER: Q. That is that and, please, cost of what? A. "Costs of staples such as fish, fresh vegetables and cotton textiles have been much lower than in western countries."

MR. KELLOCK: Q. And have you any indication

EXHIBIT 100-1

— the number of fish...

EXHIBIT 100-2

...the number of fish...

Q. Mr. Wilson, just before the adjustment you have given his low and some figures down to the end of 1934 as to Japanese wages, and I was asking you what happened in 1934 and 1935? A. I think we had...

Q. That was answered, was it? A. I think so. Very well. Then I want you to tell me...

far as you have been able to find out, the reason for these low wages in Japan? A. Well, I have data an extract from a publication called "Recent developments in the foreign trade of Japan", Report 100, United States Trade Commission, Washington. Published in Washington in 1936. at page 30 they...

"Less expensive standard of living:

(a) Simplicity of tastes of Japanese working population.

(b) Costs of staples such as fish, fresh vegetables and cotton textiles have been much lower than in western countries."

BY THE COURT: What is that a 1, please, cost of what? A. "Costs of staples such as fish, fresh vegetables and cotton textiles have been much lower than in western countries."

...the number of fish...

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Watson

as to the prospect of any rise in Japanese wages or otherwise? A. Well, the Board of Trade Journal, London, May 30th, 1935, at page 831, has this to say:

"Nor so long as prices remain at their present level in Japan is there any immediate prospect of an increase in wage rates sufficient to bring about any important increase in production costs; while, since the price level in Japan depends chiefly upon staple commodities (e.g. rice, fish, vegetables, charcoal, matting, etc.) produced in Japan and not influenced by international price movements, there is no present reason to anticipate an increase in the money cost of living in Japan."

Q. Now, have you anything else on that same subject matter before we leave it? A. Yes. There is a book called "Japan" by H.G. Moulton.

Q. Who is H.G. Moulton? A. He is President of Brookings Institute, Washington, and is rated one of the foremost authorities on international economics. On page 373 of the aforesaid book he says:

"The mass of the population is able to live on the meagre incomes available by virtue of several major economies. The first is the general practice of continuing to live with parents after marriage. Living quarters are, moreover, of extremely restricted dimensions. The second is the use of the simplest, scantiest,

as to the prospect of any rise in Japanese wages or
 otherwise? A. Well, the Board of Trade Journal,
 London, May 20th, 1933, at page 841, has this to say:
 "Not so long as prices remain at their

present level in Japan is there any immediate
 prospect of an increase in wages which would
 be likely to bring about any important increase in pro-
 duction costs; while, since the price level
 in Japan depends chiefly upon staple commodities
 (e.g. rice, fish, vegetables, charcoal, kerosene,
 etc.) produced in Japan and not influenced
 by international price movements, there is no
 present reason to anticipate an increase in the
 money cost of living in Japan."

Q. Now, have you anything else on that same subject
 matter before we leave it? A. Yes, there is
 a book called "Japan" by H.C. Morrison.
 Who is H.C. Morrison? A. He is President
 of Brookings Institute, Washington, and is rated one
 of the foremost authorities on international economics.
 On page 277 of the aforesaid book he says:

"The mass of the population is able to live
 on the meagre incomes available by virtue of
 several major economies. The first is the
 practice of continuing to live with

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Watson

and cheapest sort of clothing. In summer very little is worn, and in winter the people are accustomed to bearing cold and exposure.

5 The wooden shoes, which are the almost universal footwear, are as economical as they are noisy. The third major economy is in food, rice, fish, and vegetables are the great staple foodstuffs of Japan, and all are
10 relatively low in price. The number of eggs consumed per person annually is about 40, while the per capita consumption of meat is a little over three pounds. High death rates are no
15 doubt evidence of undernourishment and privation."

Q. What about the necessity of Japan importing food-stuffs for their own use? A. I have an article
here taken from "Economic Conditions In Japan, 1933-1934," report of the Department of Overseas Trade,
20 published by his majesty's stationery office, London, and in page 46-47 they say:

"It is a common error to suppose that Japan
is to a considerable extent dependent upon
25 foreign food supplies. This is only true if supplies of rice from Korea and Formosa are treated as foreign."

Then they give the average consumption of rice, and then they go further and state:

30 "Rice imported from foreign countries is used chiefly for industrial purposes, so that it may

He said that the population of Japan can be fully supplied with rice from Japanese territory.

There is no immediate fear of a shortage of rice (or for that matter of other food supplies since Japan is at present a net exporter of foodstuffs) for the rapidly growing population of Japan."

Q. There was reference this morning, Mr. Watson, to the conditions under which the Japanese female workers live. Can you give his Lordship some specific information on that? A. Yes. I have extracts from

a bulletin issued on August 9th, 1935, by the International Economic Research Bureau affiliated with the Canadian Economic Research Bureau.

Q. What is the International Economic Research Bureau? A. As far as I know, sir it is one of these procrastinating publications like Babsons for investment purposes, and so on.

Q. It is an American organization? A. Yes, it is an American organization, edited by Wm. J. Baxter. He says on page 2:

"Whereas in the past it has taken other countries an entire generation to achieve great success in a given industry, the world is now travelling at such a pace that the time element is but a fraction of what we have been accustomed to in the past."

he said that the population of Japan can be

There is no immediate fear of a shortage

of rice (or for that matter of other food crops) in

since Japan is at present a net exporter of

foodstuffs for the rapidly growing population

of Japan.

There was reference this morning, Mr. Watson, to

the conditions under which the Japanese female workers

live. Can you give me something more specific infor-

mation on that? A. Yes. I have extracted from

a bulletin issued on August 25th, 1933, by the Inter-

national Economic Research Bureau affiliated with the

Canadian Economic Research Bureau.

What is the International Economic Research

Bureau? A. As far as I know, all it is one of the

promoting publishing like the Bureau for International

Purposes, and so on.

It is an American organization? A. Yes, it

is an American organization, edited by Mr. J. H. Baxter.

What is its purpose?

Whereas in the past it has taken other

countries an active part in to relieve great

success in a given industry, the world is now

travelling at such a pace that the time element

is not a factor in the way in which goods are produced

is in the past.

On page 3:

"Anyone who has travelled at all in the South cannot help but feel that it would be difficult to obtain a lower labor cost in other countries than that paid to the average negro in a year's period."

BY THE COMMISSIONER: Q. A lower labour cost than what? A. A lower labour cost than that paid to the average negro in the year's period.

Q. In the Southern States? A. The American Southern States. Then he says:

But this heretofore impossible task has at last been achieved by the Japanese, for they have now attained an even lower cost of production in rayon by using cheap Japanese labour, a cost which makes the Southern Negro an expensive worker by comparison."

And then:

"It is almost impossible for a worker in the Western world to appreciate a labor system largely composed of women workers, free from unionization, with undying loyalty to a nation and to the Emperor, who are contracted for by industrialists through the heads of families- dormitories, hospitals and recreation being provided by the employer. In 1927 there were three females to every male employed in Japan's cotton spinning industry, and in the first quarter of 1933 this figure had increased to fifteen females to every

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anyone was not the only one in the world
 cannot help but feel that it would be difficult
 to obtain a lower cost in other countries
 than that paid to the workers here in a year's
 time.
 than what? A lower labor cost than that
 paid to the average negro in the year's period.
 .. in the southern states?
 southern states. Then he says:
 not that heretofore impossible task has it
 last been achieved by the Japanese, for they
 have now able and an even lower cost of
 production in Japan by using cheap Japanese
 labor, a cost which makes the southern Negro an
 expensive worker by comparison."
 And then:
 "It is almost impossible for a worker in the
 eastern world to produce a lower wage than that
 composed of women workers, from their organization,
 with working loyalty to a nation and to the
 employer, who are controlled by industrialists
 through the power of financial institutions, pos-
 sible and production being provided by the
 employer. In 1933 there were three times as
 many male employed in Japan's cotton spinning
 industry, and in the first quarter of 1934 this

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Watson

male."

Q. You mentioned something about the negro labour in the Southern States. To what extent is negro labour employed in textile factories in the Southern States?

A. I have no real knowledge on that, my lord, but I have read articles.

A. Apparently there must be something in it, because what you read there refers to negroes. A. Then he goes on:

"And, perhaps the most disheartening feature, is the fact that the Japanese rayon producers are making enormous profits even at present 'low' prices for the artificial fibre."

A. I asked you about the negro labour question in the Southern States. Do you know anything about that, Mr. Watson? A. Nothing, my lord, other than what I have read, but there is quite a bit of it employed in cotton mills in the Southern States.

Q. You say that? A. I say that, my lord, he doesn't say that.

MR. KELLOCK: Does that answer your Lordship's question?

THE COMMISSIONER: Yes.

BY MR. KELLOCK: Q. Then, Mr. Watson, on that same subject of dormitories, have you anything to add? A. Well, there is an extract from the British Economic Mission to the Far East, 1930-1931, report of the cotton mission, published by His Majesty's Stationery

Q. You mentioned something about the negro labor in the Southern States. To what extent is negro labor employed in textile factories in the Southern States?
A. I have no real knowledge on that, my lord, but I have read articles.

Q. Generally there must be something in it, because when you read there refers to negroes.
A. Then he goes on:

"And, finally, the most disconcerting feature is the fact that the negroes pay producers the same prices for the artificial fibre."

Q. I asked you about the negro labor question in the Southern States. Do you know anything about that?
A. Not much, my lord, other than I have read, but there is quite a bit of it employed in cotton mills in the Southern States.

Q. You say that?
A. I say that, my lord, he doesn't say that.

THE CHAIRMAN: Yes.
BY MR. A. I think, then, that, on that subject of dormitories, have you anything to add?

Q. Well, there is an extract from the British Economic

Office, London. At page 31 they say:

"Labour for the mills consists for the most part of peasants' or fisher-folks' daughters - young girls between 14 and 18 years of age. Whether, as we were informed, it is on account of the low wages paid or the conditions surrounding employment in the factories, or whether it is because the young girls in the towns are better able to secure other forms of employment, it is impossible to say, but it may be that the mill owners find girls from the country districts more docile and easier to control."

Then on page 32:

"The girls are taken over by agents who convey them to the factory. The system appears to us to be in essence one of indentured juvenile labour."

The dormitory system is a distinctive feature of Japanese mill life which makes it difficult to compare factory conditions with those prevailing in Lancashire. It involves restrictions on the freedom of the individuals, even though these are mostly young girls, in a manner foreign to British ideas and habits.

The dormitories are, as a rule, within compounds bounded by high walls which would be impossible to scale, and it appeared to us that

... London. At page 21 they say:

"Labour for the mills consists for the most

part of pennants, or flatter-folks, brought -

young girls between 14 and 18 years of age.

Whether, as we were informed, it is on account

of the low wages paid or the conditions

surrounding employment in the factories, or whether

it is because the young girls in the towns

are better able to secure other forms of

employment, it is impossible to say, but it

may be that the mill owners find girls from

the country districts more docile and easier to

manage.

on page 22:

"The girls are taken over by agents who

convey them to the factory. The system appears to

us to be in essence one of indentured

servitude."

The dormitory system is a distinctive feature

of the system and it is worth noting that it is

in general found only in the most backward

in Lancashire. It involves restrictions on the

freedom of the individuals, even though these

are mostly young girls, in a manner typical of

British ideas and habits.

The dormitories are, as a rule, within

the factory premises, and the girls are

in the same way as in the case of the

there was some unnecessary restriction or curtailment of freedom. That conditions are possibly not so favourable as we were told would appear to be indicated by the fact that very many of the girls return to their homes before the expiry of their contracts and only some 15 per cent qualify for the bonus--"

BY THE COMMISSIONER: Q. How do they get out, is that explained at all? A. I beg your pardon, sir? Q. How do they get away before the expiry of their contract? A. I believe that, under certain circumstances, they can go of their own free will.

MR. KELLOCK: I believe, my lord, they can leave the employment, but they cannot leave the employment temporarily. The article does not explain that.

THE COMMISSIONER: It seems to be contradictory there.

THE WITNESS: It continues:

"... and only some 15 per cent, qualify for the bonus which is paid each month for regular attendance. Whatever the advantages, or disadvantages, it is inconceivable that the system would be thought of in Lancashire."

MR. KELLOCK: I do not know whether your Lordship would like to see that ~~comp~~ publication or not; it is a British Government publication.

A. Then we have had some evidence, but perhaps you might deal with this; just shortly, how has the

there was some unnecessary restriction on certain
ment of freedom. That conditions are possibly
not so favorable as we were told would be
to be indicated by the fact that very many
of the girls return to their homes before the
expiry of their contracts and only some 15 per cent
qualify for the bonus--"

BY THE COMMISSIONER: How do they get out, is
that explained at all? A. I beg your pardon, why
.. How do they get out before the expiry of their
contracts? A. I believe that, under certain
circumstances, they can go on their own free will.
MR. BRADIE: I believe, my lord, they can have
the explanation, but they cannot have the employment
temporarily. The article does not explain that.
THE COMMISSIONER: It seems to be contrary to

the article; it continues:

"... and only some 15 per cent qualify for
the bonus which is paid each month for regular
employment. In fact the majority of the
girls, it is inconceivable that the
system would be thought of in Lancashire."

would like to see that same publication or not;
it is a British Government publication.

Japanese yen moved in Canadian dollars? Previous information we had was as to how it has moved in terms of gold. How has it moved in terms of Canadian currency? A. I have a table here showing average exchange rates Japanese yen and in Canadian dollars, Bank of Commerce, Foreign Department, Head Office, Toronto:

| | |
|----------------|-------|
| In 1928 it was | 46.46 |
| " 1929 " | 46.48 |
| " 1930 " | 49.40 |
| " 1931 " | 50.68 |
| " 1932 " | 31.97 |
| " 1933 " | 27.94 |
| " 1934 " | 29.42 |
| " 1935 " | 28.57 |

Q. Have you looked into the question, Mr. Watson, of the effect of the depreciated exchange? A. There is quite an interesting extract from the Board of Trade Journal, London, dated May 30th, 1935, in which it says--

Q. What page? A. Page 881, in which it says:

"It should be remembered that, although a depreciated exchange means a higher currency cost of raw materials for internal trade, it does not affect the short-run competitive power of the Japanese manufacturer, since the price of raw materials is a world price, and competition between him and other exporters,

Japanese yen moved in Canadian dollars? Previous

information we had as to how it has moved in

terms of gold. How has it moved in terms of Canadian

currency?

exchange rates Japanese yen and in Canadian dollars

Bank of Commerce, Foreign Department, Head Office,

Toronto:

In 1938 it was 48.45

" 1939 " 48.45

" 1940 " 48.45

" 1941 " 50.88

" 1942 " 51.97

" 1943 " 57.84

" 1944 " 57.84

" 1945 " 57.84

Have you looked into the question, Mr. Atkinson,

of the effect of the depreciated exchange? A. There

is quite an interesting extract from the Board of

Trade Journal, London, dated May 30th, 1938, in which

it says--

1. What does A. Page 861, in which it says:

"It should be remembered that, although a

depreciated exchange rate is a disadvantage

cost of raw materials for internal trade,

it does not affect the short-run competitive

power of the Japanese manufacturer, since the

price of raw materials is a world price, and

competition between him and other exporters,

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abroad as well as at home, operates only in the margin of added value, and therefore depends primarily upon such factors as wages, factory efficiency and organization."

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Q. What do you understand by that statement?

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A. I understand by that statement that if he buys raw material, foreign raw material and pays on depreciated yen for it, that when he sells it for export in some other country he gets back for that raw material the same amount of depreciated yen.

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THE COMMISSIONER: That is to say, whether he buys the raw material at a disadvantage he sells his product at an advantage; that is all that means.

THE WITNESS: Plus the fact that he has an advantage in depreciated currency in the added values.

MR. KELLOCK: The witness' point is that he gets that back when he comes to sell.

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THE COMMISSIONER: If he sells high enough; there is nothing new in that.

MR. KELLOCK: No, my lord.

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Q. Then, Mr. Watson, so far as you have been able to find out what are the chief elements of the ability of the Japanese to sell cheaper? A. It is stated in "recent developments in the foreign trade of Japan", Report 105, U.S. Tariff Commission, Washington, 1936, page 25:

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"The features of the Japanese situation which are most important in the recent expansion

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margin of added value, and therefore requires
primarily upon such factors as wages, factory
efficiency and organization.

Q. What do you understand by that statement?
A. I understand by that statement that if he pays

raw material, foreign raw material and pays on
depreciated yen for it, that when he sells it for
export in some other country he gets back for that
raw material the same amount of depreciated yen.

THE COMMISSIONER: That is to say, whether he
buys the raw material at a disadvantage he sells
his product at an advantage; that is all that means.

THE COMMISSIONER: And the point that he has an
advantage in depreciated currency in the added value.
MR. KILGUS: The witness' point is that he gets

that back when he comes to sell.
THE COMMISSIONER: If he sells high enough,
there is nothing new in that.

MR. KILGUS: No, my lord.
A. Then, Mr. witness, so far as you have been able
to find out what are the chief elements of the ability
of the Japanese to sell cheaply?

MR. KILGUS: I am unable to say.
THE COMMISSIONER: I am unable to say.
MR. KILGUS: I am unable to say.
THE COMMISSIONER: I am unable to say.

of the country's export trade:

1. Depreciation of the yen.
2. Japanese wages and labour costs.

Q. And, so far as you have been able to find,
has that depreciation in the yen coincided or not with
an increase in Japanese exports? A. Yes.

The Bank of Nova Scotia Monthly Review, September,
1935, says, on page 1:

"Japanese exports nearly doubled from
1931 to 1934, and expenditures of the National
Government increased by almost 50% from the
fiscal year ended March 31, 1932, to
the fiscal year 1934 - 1935.... the cotton
textile Industry shared fully in the revival....
The woollen textiles and the now famous great
rayon manufacture emerged as major industries.

And on page 2:

"The value of Japanese exports increased
from 1,120 million yen in 1931 to 2,130 million
yen in 1934 - an expansion of 90%. At the
same time the volume of exports increased by 50%.

The principal cause of this phenomenal
advance was a very substantial reduction in the
prices of Japanese goods in foreign markets.
This reduction was made possible by the
depreciation of the yen in terms of sterling
and United States dollars, combined with the
failure of costs in the export industries
to rise sufficiently to offset the advantage

of the country's export trade:

1. Depreciation of the yen.

2. Japanese wages and labour costs.

3. And, so far as you have been able to find,

has that depreciation in the yen coincided or not with

an increase in Japanese exports?

The Bank of Nova Scotia Monthly Review, September,

1939, says, on page 1:

"Japanese exports nearly doubled from

1931 to 1934, and expenditures of the National

Government increased by almost 50% from the

fiscal year ended March 31, 1935, to

the fiscal year 1934 - 1935.... the cotton

textile industry shared fully in the revival....

The woolen textiles and the new famous Great

Woolen manufacture emerged as major industries.

"The value of Japanese exports increased

from 1,180 million yen in 1931 to 2,180 million

yen in 1934 - an expansion of 80%. At the

same time the volume of exports increased by 50%.

The principal cause of this phenomenal

advance was a very substantial reduction in the

prices of Japanese goods in foreign markets.

This reduction was made possible by the

depreciation of the yen in terms of sterling

and United States dollars, combined with the

failure of costs in the export industries

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which accrued from depreciation.

The immediate effect of this depreciation was, on the one hand, to permit a substantial reduction in the prices of Japanese exports in terms of other currencies, and on the other hand, to raise the prices of export goods in terms of yen. The former factor led to the great expansion in the volume of exports and accounts for the growing intensity of "Japanese competition". The latter factor - the rise in the prices of export goods in terms of yen - widened the margin of profit in many of the export industries and thus stimulated productive enterprise."

Q. Have you any Japanese authority on that subject? That is the Bank of Nova Scotia Monthly Review ?

A. From Present-Day Nippon, Tokyo, No. 11, 1935.

What is that, Mr. Watson? A. It is a Japanese periodical which is published in Tokyo. It is No. 11, and is dated 1935. They say on page 36:

" REASONS FOR JAPANESE EXPANSION

The remarkable advance of the Japanese overseas trade is based on two reasons, one permanent or fundamental, and the other temporary or circumstantial. The former is based on such factors as patience, effort, sincerity and all the other virtues peculiar to the Japanese race, the power of gaining technique, the simple and plain way of living, low wages, rationalization of industrial organization,

which assumes that...

The first cause effect of this depression

was, on the one hand, to permit a substantial

reduction in the prices of Japanese exports

in terms of other countries, and on the other

hand, to raise the prices of export goods in

terms of yen. The former factor led to the great

expansion in the volume of exports and accounts

for the growing intensity of "Japanese competition

The latter factor - the rise in the prices of

export goods in terms of yen - widened the margin

of profits in many of the export industries and

was stimulated productive enterprises."

... have you any Japanese authorities on that subject?

That is the book of Hove too in monthly review?

A. From Present-day Japan, Tokyo, No. 11, 1935.

What is that, Mr. Brydie? A. It is a Japanese

periodical which is published in Tokyo. It is No. 11,

and is dated 1935. They say on page 10:

...

The main article is a study of the Japanese overseas

trade is based on two reasons, one, retention of

technicality, and the other temporary or circumstantial

The former is based on such factors as position,

effort, sincerity and all the other virtues peculiar

to the Japanese race, the power of training

technique, the simple and plain way of

the most fundamental of economic principles

5 increase of efficiency and so forth, and the latter
on such factors as the slump of the yen, and the
decrease in costs caused by the new establishment
and expansion of business. It may be said that the
latter factors are, however now losing ground,
because of the international stabilization of
currencies, the fact that labour power has
reached its limit, and the gradual deepening of
10 anxiety because of over-production.

Consequently, any further advance of the
Japanese overseas trade must be dependent on such
essential factors as the organization of enterprises,
high efficiency, and technical excellency."

15 BY MR. KELLOCK: Q. What is that publication? A.
That is a Japanese publication from present-day Japan.

MR. KELLOCK: My lord, it is said to be the
Asahi, in Tokyo. The Asahi is a large trading firm
20 in Tokyo, I understand.

Q. And I direct your attention to page 108, in
that publication, Mr. Watson? A. It says there:

"The average monthly production of rayon was
25 39,000 bales in 1931, and in December 1934 this
was increased to 120,000. Thus in three years,
the output was more than tripled. Among the
factors that have worked out this miracle may be
counted the superiority of equipment, cheap
labour and the depreciation of the yen that
30 encouraged export trade. With the completion

100-1000

100-1000

increase of efficiency and so forth, and the increase
on such factors as the strength of the yen, and the
decrease in costs caused by the new establishment
and expansion of business. It may be said that the
latter factors are, however, now losing ground,
because of the international stabilization of
conditions, the fact that Japan never has
reached its limit, and the gradual opening of
anxiety because of over-production.

Consequently, any further advance of the
Japanese overseas trade must be dependent on such
essential factors as the organization of enterprise,
high efficiency, and technical excellence."

Mr. Kato: That is true, but is it not
true that a Japanese publication from yesterday
said, Mr. Kato: My lord, it is said to be the
Asahi, in Tokyo. The Asahi is a large trading firm
in Tokyo, I understand.

... and I direct your attention to page 108, in
last publication, Mr. Kato: It says there:
"The average monthly production of rayon was
39,000 tons in 1931, and in December 1934 this
was increased to 130,000. Thus in three years,
the output was more than tripled. Among the
factors that have worked out this miracle may be

... the ...

... and the depreciation of the yen that

... the ...

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of the extension programme which is now on foot, the present output will be doubled by the end of 1935. In 1934, Japan attained the second place in the world in rayon production, and this year or in the not long distant future, it is not impossible that she may outstrip the United States and secure the first place."

Q. Now, I would like you to deal briefly, Mr. Watson, with the question of taxation in Japan, having particular reference to these manufacturers? A. In the same book, "Japan" by Mr. Moulton, President of Brookings Institute, Washington; he says, page 341:

"The per capita taxes on the farm land-owners are roughly double those on business proprietors. Of equal interest and significance is the fact that it is the local taxes rather than the national levies which fall so heavily upon the land-owner. These heavy local taxes, moreover, go principally for the support of cities and towns."

Q. And have you any other material on that subject?

A. An extract from "Nippon Trade Guide", Tokyo, 1935, semi-annual, 1935, compiled by Bureau of Foreign Trade, the Ministry of Commerce and Industry, Tokyo, which says:

"March 1925. Imperial Guild System organized by Government to aid exports. By end of 1932, 212 guilds established in Japan, including cotton, silk, rayon, etc., with textile industry predomina-

inating. The function of the guilds was to exercise control not only over market by joint purchase and sales but also over production of its members. They are empowered to merge and rationalize production of member companies, and also "to exercise control over the medium sized and small industries of this country."

"From 1927-8 to 1932-33 these guilds have received a subsidy of over $1\frac{1}{2}$ million yen and by the end of 1932 government loans aggregated to 4,660,800 yen at low interest, 3.9% to 4.8%.

These guilds are exempted from the income and business profit taxes and no registration fee is charged them.

25 cotton textile guilds were subsidized to the extent of 709,100 yen by the end of 1932; 3 silk textile guilds to 62,150 yen and 5 hosiery guilds to 39,060 yen. All these were chiefly in the export trade."

. To what extent, Mr. Watson, in addition does the Japanese Government encourage Japanese manufacturers? A. I have an extract from a publication in a book called "Japan's economic Position" by John E. Orchard.

BY THE COMMISSIONER: Q. When was that published?

A. New York, 1930.

MR. KELLOCK: I am instructed, my lord, it is a standard work in Japan.

having. The function of the Guilds was to
 exercise control not only over market by joint
 purchase and sales but also over production of
 members. They are empowered to make and
 rationalize production of member companies,
 and also "to exercise control over the region
 aimed and small industries of this country."
 From 1927-8 to 1932-33 these Guilds have
 received a subsidy of over 14 million yen and by
 end of 1932 Government loans aggregated to
 4,660,800 yen at low interest, 3.2% to 4.2%.
 These Guilds are exempted from the income
 and business profit taxes and no restriction tax
 is charged them.
 28 cotton textile Guilds were established
 to the extent of 702,100 yen by the end of 1932;
 3 silk textile Guilds to 62,100 yen and 5 hosiery
 Guilds to 20,000 yen. All these were chiefly
 in the export trade.
 To what extent, Mr. Watson, in addition does
 the Government subsidize Japanese industry?
 I have an extract from a publication
 by John E. Orchard,
 BY THE COMMISSIONER: When was that published?
 New York, 1930.
 Mr. FILLMORE: I am not certain, but I think
 it was published in 1930.

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Q. Yes, Mr. Watson?

A. On page 90:

"The granting of subsidies was so firmly established as an integral part of the government policy toward industry during this early period that it still persists. At present, the government not only extends such aid to infant industries but it is given to older industries that are experiencing difficulties.

Various other forms of government assistance have been given from time to time; the establishment of technical schools. The part played by the government cannot be overemphasized. Japanese industry of the present day owes its state of development primarily to the efforts of a highly paternalistic central government."

You refer to subsidies, that is, Japanese Government subsidies. Have you anything further to say with regard to that?

A. I have various extracts from An American Quarterly Review, published in New York called "Foreign affairs", October, 1930, "Government subsidies in Japan" by Herman A. Bratter:

"Government subsidies have been a consistent feature of Japanese practise since the country emerged from the feudal system in the eighteenth-sixties. Japan's industrial history is singularly unlike that of other countries in that it is not marked by a policy of "laissez faire".

Immediately following the restoration of 1867-8,

1930

Yes, Mr. Chairman.

"The granting of subsidies was so firmly

established as an integral part of the government

policy that it still remains so today.

It is not only extensive such aid to industry

but it is given to other industries as

well.

Various other forms of government assistance

have been given from time to time; the establishment

of technical schools. The part played by the

government cannot be overestimated. Japanese

industry of the present day owes its state of

development primarily to the efforts of a highly

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You refer to subsidies, that is, Japanese Government

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an American quarterly review, published in New York

called "Foreign Affairs", October, 1930, "Government

subsidies in Japan" by Herman A. Bletter.

"Government subsidies have been a consistent

feature of Japanese practice since the country

emerged from the feudal system in the eighteenth-

century.

It is not only in the industrial field that the

government has been active.

It has also been active in the agricultural

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the government set itself the task of industrial-
izing the country, realising that for this purpose
it would have to convert into capitalists and
factory workers a nation of knights and retainers.
From the first, therefore, the government has
exercised a paternal role in Japan's economic
development. The result has been to make the
Japanese people dependent upon the government
to a degree unparalleled in other capitalistic
countries. 'Almost any new industry,' says a
recent writer, 'So long as its promoters had
some political friends, could secure exemption
from taxation, even if no more direct form
of subsidy could be obtained.'

That is on page 161, then further:

"Not only has the government continued
to manufacture steel, woolen cloth, and other
articles, but it has reserved as state monopolies
the trade in salt, tobacco, camphor and ginseng.
For the rest, the 'westernization' policy has
created mammoth corporations, which - despite
their size still look to the government for
sustenance. Indeed, the list of interests
receiving aid in one form or another covers almost
the entire field of Japanese economic life.
Banking, industry, agriculture, labor, shipping,
and shipbuilding, foreign trade, construction
and domestic commerce, all are in receipt of help;

hardly any activity of importance or promise
is not clamoring for it."

Then at page 162:

"Special subsidies to steamship lines
carrying cotton or cotton goods are also in
effect. The Osaka Shosen Kaishu, for instance,
has since 1926 been receiving 400,000 yen (\$200,000)
per annum for its East Africa service, and the
Nippon Yusen Kaisha received 663,075 yen
(\$330,000) in 1925-6 and 618,379 yen (\$310,000)
in 1926-7 for fourteen San Francisco-Japan sail-
ings per annum. Because of the receipt of
subsidies, the shipping companies are more
or less obligated to the government. Thus, they are
sometimes requested to cut rates on goods the
trade in which the government wishes to foster.
This has been particularly marked in the export
trade in cotton goods."

Q. Is there anything else on that, Mr. Watson?

A. An extract from an article called "The Last Decade
In Japan," By G.C. Allen, published by the Royal
Economic Society, London, January 1933.

BY THE COMMISSIONER: Q. What is the name of it,
please?

A. The title of it is "The Last Decade
in Japan":

"The diversion of economic activity from
the production of consumption goods to that of
capital goods was achieved by a resort to several
expedients. Funds raised by taxation were

hardly any activity of importance in regard to

is not claiming for it."

Then at page 122:

"Special Committee on Japanese Trade"

carrying cotton or cotton goods are also in

itself. The same is true for instance,

has since 1906 been receiving 400,000 yen (\$4,000,000)

per annum for its navigation service, and the

Nippon Yusen Kaisha received 600,000 yen

(\$6,000,000) in 1905-6 and 610,000 yen (\$6,100,000)

in 1906-7 for fourteen Japanese-Japan mail-

bags per annum. Because of the receipt of

subsidies, the shipping companies are more

or less obligated to the Government. Thus, they

sometimes requested to cut rates on goods the

trade in which the Government wishes to foster.

This has been particularly marked in the export

trade in cotton goods."

1. Is there anything else on that subject?

2. An extract from an article called "The Japanese

in Japan," by G. H. Allen, published by the Royal

Geographical Society, London, 1907.

BY THE COMMISSIONER: It is the name of it.

3. The title of it is "The Japanese in Japan."

in Japan?

"The Japanese in Japan" is the title of it.

the production of consumption goods to that of

which is the result of a policy of protection.

invested by the State in new industries or were given as subsidies to existing enterprises regarded as worthy of encouragement.

The State used its credit to raise loans both at home and abroad which were applied in the same way.

Once an industrial and commercial class had been established, the State encouraged investment by the provision of cheap credit facilities through a group of semi-official banks, by lavish subsidies, by the imposition of protective duties, and by framing its taxation system so that it pressed lightly on the profit-earner."

MR. KELLOCK: That, my lord, is from the "Economic History", a supplement to the Economic Journal, one of the editors of which is Mr. J.M. Keynes, and it is published by McMillan & Company of London and New York.

Q. Then there has been a reference by my friend to Cartels in another connection, and a reference by yourself to the same subject matter. Are most of Japanese exports handled by this Cartel? A.

The Nippon Trade Guide, semi-annual, 1935, compiled by Bureau of Foreign Trade, the Ministry of Commerce and Industry, Tokyo, says:

"Staple export goods coming under the export guild laws are: cotton textile fabrics, mixed cotton goods, silk textile fabrics, rayon fabrics, manufactures of cloth, hosiery, blankets, rags,

invested by the state in new industries or were
given as subsidies to existing enterprises
regarded as worthy of encouragement.

The state used its credit to raise loans both at home
and abroad which were applied in the same way.

Once an industrial and commercial class had
been established, the state encouraged investment
by the provision of cheap credit facilities through

a group of semi-official banks, by lowering
subsidies, by the imposition of protective duties
and by treating its taxation system so that it
pressed lightly on the profit-earner."

MR. KENNER: That, my lord, is from the "Economic
History", a supplement to the Economic Journal,
one of the editors of which is Mr. J. B. Keynes, and
it is published by Macmillan & Company of London and
New York.

Then there has been a reference by my friend
to Cartels in another connection, and a reference
by yourself to the same subject matter. Are most
of Japanese exports handled by this Cartels?

The Nippon Trade Guide, semi-annual, 1935, compiled
by Bureau of Foreign Trade, the Ministry of Commerce
and Industry, Tokyo, says:

"Staple export goods coming under the export
control laws are: cotton, wool, silk, sugar, tea, paper,
and other goods, the export of which is controlled
by the government of Japan, Korea, Manchuria, and
Formosa."

5 cotton, carpets, hats, hemp braid, pottery,
enameled iron ware brushes, bicycles,
artificial pearls, patent medicine, electric bulbs,
matches, rubber shoes, beer, sea products,
canned and bottled goods, potatoes, onions, beans,
tea, oranges, chestnuts, and lily bulbs. Of
this merchandise, that intended for shipment to
various parts of the world is handled by 35 guilds;
10 that for Manchoukuo by 10; for British India by
2; for the U.S.S.R. by 2; for the United State
and Canada by 6; for Central and South America
by 3; for Argentine by 2; and that for Africa,
the Balkan, the Philippines and Dutch East Indies
15 by 1 each."

MR. KELLOCK: My lord, that appears to be an official
Japanese publication, compiled by the Bureau of Foreign
Trade under the Ministry of Commerce and Industry,
Tokyo, and it is issued both in English and French,
20 semi-annual, 1935.

Q. Mr. Watson, some evidence has been given as to
the quality of the imports of Japanese rayon?

A. There is an extract from the Nippon Trade Guide,
25 1935, page 55, under the heading "Inspection of Japanese
Rayon goods for exports":

"But in the last four or five years the industry
which sprang up in Kiryu and Kyoto and was
30 fully developed in Fukui, made such phenomenal
progress that today Japanese rayon goods can

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compare favourably with those of the United States and European countries which have a longer history of the industry."

5 Q. Is there any other information as to the degree to which exports are controlled, or subject to control in Japan? A. In "Present-day Nippon", No. 11, 1935, page 42:

10 "The export of rayon products is subject to strict conditioning by the powerful export associations, to unify the quality of export goods."

Q. And what kinds of rayons does Japan produce?

15 A. Mostly viscose at the moment, although I understand there are some plants being organized or being built for the manufacture acetate.

Q. And have you some information there as to the cost of production in Japan of the various elements which enter into the manufacture of rayons?

20 A. On page 4 of a Bulletin issued on August 9th, 1935, by the International Research Bureau, affiliated with the Canadian Economic Research Bureau, edited by Wm. J. Baxter, there appears:

25 "Let us analyse the reasons for rayon's ability to undersell in Japan. In the first place, the important items in the cost of production of rayon are labour, wood pulp, sulphuric acid and power. First, as regards 30 labour, the average mill-worker in Japan received less than \$2.50 per week - and, of

compare favorably with those of the United

States and European countries which have a

longer history of the industry."

Is there any other information as to the degree

to which exports are controlled, or subject to control

in Japan? In "Present-day Japan", No. 11,

1935, page 43:

"The export of rayon products is subject

to strict conditioning by the powerful export

associations, to unify the quality of export

goods."

And what kind of rayon does Japan produce?

Mostly viscose at the moment, although I understand

there are some plants being organized or being built

for the production of acetate rayon.

And have you some information there as to the

cost of production in Japan of the various elements

which enter into the manufacture of rayon?

On page 4 of a bulletin issued on August 25th,

1935, by the International Institute of Statistics,

with the Canadian Economic Research Bureau, edited

by Mr. J. Baxter, there appears:

"Let us analyze the reasons for rayon's

ability to undersell in Japan. In the first

place, the important items in the cost of

production of rayon are Japan's own silk,

electricity, and power. First, as regards

electricity, the average mill-worker in Japan

course, the wood pulp base for rayon costs but a few cents a pound. Further, rayon producers have cut their costs by building their own chemical and power plants, so that Japan to-day has the cheapest power in the world. And when we consider that the average hours of labor in a sulphuric acid plant in Japan are 11.3 hours per day, with the worker paid 2.02 yen, we can appreciate why Japanese rayon producers consider present 'low' prices a 'feast'."

...the ...

...a ...

...their ...

...chemical and power ...

...today has the cheapest power in the world.

and when we consider that the average hours

of labor in a sulphuric acid plant in Japan

are 11.5 hours per day, with the worker paid \$1.12

per day, we can appreciate why Japanese rayon producers

...the ...

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Q. Now, mention was made this morning of the sources of Japanese supply of wood pulp - have you any information on that? A. From the Japan year book, Tokyo, 1934, at page 643 it says: "The demand and supply of pulp during the last five years," I only have here the last year of the five given, 1932: "Quantity produced, 551,120 tons. Quantity imported, 101,168 tons. Quantity required, 652,288 tons.

THE COMMISSIONER: What is the amount you have there imported? A. Quantity imported, 101,168 tons - that is 1932.

Q. That is for all purposes? A. That is for all purposes. I have a letter here from the Canadian Pulp & Paper Association giving figures. I wrote to the secretary of the Canadian Pulp & Paper Association asking him if he had figures of exportation of Canadian pulp to Japan and this is what he gave me. Japanese imports of pulp and paper figures for the first 11 months of 1935.

MR. McRUER: Q. About five of those months had the embargo on? A. Well, some of them would, I don't know.

Q. It was a bad year? A. Yes.

MR. KRAMLOCK: This is actual--

MR. McRUER: Actual with an embargo.

THE COMMISSIONER: Q. This other exhibit gives us importations of pulp and paper into Japan for 10 months. A. Yes.

Now, mention was made this morning of the

sources of Japanese supply of wood pulp - have

you may mention the gas now

only have been the last vest of the live

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a all purposes. I have a letter from the

Association Giving Rights.

wrote to the secretary of the Canadian Film & Paper

1998

6403

Watson

Q. And this contains a total of 515,000,000 pounds - what do you show here? A. Total chemical pulp imported, 11 months, 278,352 tons, of which from Canada 37,285 tons.

MR. McRUER: Q. Is it by months?

MR. KULLOCK: No, it is a total.

THE COMMISSIONER: Those figures are about the same.

THE WITNESS: Imports of pulp are divided as follows:

| Pulp for manufacture of paper | Pulp for manufacture of rayon |
|-------------------------------|-------------------------------|
|-------------------------------|-------------------------------|

| From | Short tons | From | Short tons |
|-----------|------------|-----------|------------|
| Finland | 12,526 | Finland | 13,338 |
| Germany | 1,885 | Germany | 7 |
| Norway | 325 | Norway | 48,684 |
| Sweden | 47,719 | Sweden | 4,325 |
| U.S.A. | 54,016 | U.S.A. | 56,923 |
| Canada | 30,214 | Canada | 7,611 |
| All other | 614 | All other | 172 |
| | 147,299 | | 131,053 |

MR. KULLOCK: Better make that an exhibit.

THE WITNESS: I am sure these people will be glad to give us any figures we wish.

THE COMMISSIONER: Well, take into consideration this former exhibit of yours, exhibit 410, goes over the same ground.

MR. McRUER: It seems to me that the most informative way would be to have it by months because

○○○○

next to

100,000,000 to 150,000,000 and 100,000,000 to 150,000,000

• 44682

100 WITNESS: and the 97 bulbs are divided as follows:

: 1901101

help for manufacture of paper pulp for manufacturing

former exhibit of yours, exhibit 410, goes out

commencing 17 July the surtax was on in Japan and I rather probably think that all importations from Canada would stop. I do not see how they could get in over the barrier.

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THE COMMISSIONER: You may take them as you like in cross-examination but what I mean now I do not think these two should be separated.

MR. KELLOCK: Part of 410?

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THE COMMISSIONER: Yes.

MR. KELLOCK: And page 643 to which the witness referred--that is, of the Japanese Year Book, 1934, for the 1932 Year Book, there is this paragraph which I had in mind this morning when Your Lordship was asking me question. It says:

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" Many of the rayon mills had no faith in home-made pulp at first, but as soon as the stableness of quality and a guarantee of sufficient supplies was forthcoming they began to use as much as possible of the domestic product, especially has this been the case since the heavy depreciation in the yen almost doubled the price of imported pulp.

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Recently, the Oji Paper Manufacturing Co. Ltd. have also begin the production of rayon pulp, and it will not be very long before the Japanese rayon industry will become independent of foreign supplies, which are now mostly imported from Norway and United States, though some are also bought from Canada, Finland and Germany. "

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...ing it only the surplus was on in Japan and
I rather probably think that all importations from
I do not see how they could
get in over the barrier.
THE COMMISSIONER: You may take them as you
like in cross-examination but what I mean now I
do not think these two should be separated.
THE COMMISSIONER: Part of it?
THE COMMISSIONER: Yes.
THE COMMISSIONER: And page 645 to which the witness
referred--that is, of the Japanese Year Book, 1934,
for the 1933 Year Book, there is this paragraph
which I had in mind this morning when your honor
was asking me a question. It says:
"Many of the rayon mills had no firm in-
home-made pulp at first, but as soon as the
stiffness of quality and a guarantee of a
sufficient supplies was forthcoming they
began to use as much as possible of the domestic
product, especially now this has been the case
since the heavy depreciation in the yen
almost doubled the price of imported pulp.
Recently, the Oji Paper Manufacturing Co. Ltd.
have also begun the production of rayon
pulp, and it will not be very long before the
domestic rayon industry will have become
at least a self-sufficient one, which are now mostly
imported from Japan and other countries."

Q. On the question of the efforts which Japan is making to supply her own pulp, have you anything further?

A. From the Japan year book, 1934, page 639 under the heading "Rayon Pulp" -

"A plan providing for production of 25,000 tons, 50,000,000 lbs., of domestic rayon pulp in Karafuto is advanced by the Oji Paper Manufacturing Co."

and from the Textile World, McGraw-Hill Publishing Co. Inc., New York, December 1935, page 113, under the heading "Japan's Big Pulp Plan":

"An ambitious program by which the Manchukuo Government will sanction formation of four companies, total capital 55,000,000 yen to make rayon pulp, is disclosed in recent dispatches from Yokohama. The estimated total pulp output of the four firms is 120,000 tons annually, which it is expected will make Japan independent of outside sources for rayon's cellulose and will greatly further the progress of the nation's rayon industry."

Q. Is there any overproduction of rayon in Japan so far as you know? A. An article from the Manchester Guardian, dated April 16th, 1935, and headed "Japan and Rayon! Overexpansion: Reading for a Crash?:"

"A cable from Japan published in the 'Manchester Guardian' of April 8 stated that the Japanese rayon producers are discussing restriction of production in view of the extraordinary -

Q. On the question of the effects which Japan
is making to and by her own ship, have you anything
to say? A. From the Japan Year Book,
1934, page 279 under the heading "Japan's Ship
Plan" "A plan existing for production of
15,000 tons, 50,000,000 lbs., of tonnage
Japan ship in 1940 is advanced by the
oil factor manufacturing Co."
and from the article in 19, New York Times, page 11, under
the heading "Japan's Ship Plan":
"An ambitious program by which the
Japanese Government will sanction formation
of new companies, total capital 50,000,000
yen to make Japan ship, is disclosed in recent
disclosures from Japanese. The estimated total
ship output of the four firms is 150,000 tons
annually, which it is expected will make Japan
independent of outside sources for Japan's
oil needs and will greatly reduce the Japanese
of the nation's ship industry."
Q. Is there any overproduction of Japan in
ship as far as you know? A. An article
in the New York Times, dated 1934, under the
heading "Japan and Beyond: Overseas Expansion
and Shipbuilding"
states from Japan published in the
New York Times, dated 1934, under the
heading "Japan's Ship Plan"

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ly rapid increase in output that is now taking place. It is not possible to give some details of the feverish expansion in plant, which has led, after nearly two and a half years of unrestricted production, to the revival of the control movement.

Japan's rayon output was 64,000,000 lb. in 1932 and rose to 137,785,000 lb. last year. Estimates of 1935 output range between 200,000,000 lb. and 210,000,000 lb.

Japan will thus for the first time exceed the production of the United States, and will become the largest rayon producer in the world. As the larger part of this production is exported, either as yarn or in piece goods, and as the competition of rayon with cotton goods is becoming keener, the fact is of much importance to the textile industries of the Western countries, whose exporting position may be seriously affected.

The greater part of Japanese rayon production has been in the hands of six companies. In recent months all these companies have increased their plant and either directly or through subsidiaries have further extensions projected. And then "the new Companies".

"About twenty other companies have recently been launched, and a number of others are projected. Only six of the new companies, however,

ly rapid increase in output that is not taking place. It is not possible to give some details of the feverish expansion in plant, which has led, after nearly two and a half years of unrestricted production, to the revival of the control movement.

Japan's rayon output was 22,000,000 lb. in 1932 and rose to 137,785,000 lb. last year. Estimates of 1935 output range from 200,000,000 lb. and 210,000,000 lb.

Japan will thus for the first time exceed the production of the United States, and will be some the largest rayon producer in the world. As the largest part of this production is exported, either as yarn or in piece goods, and as the competition of rayon with cotton goods is becoming keen, the fact is of much importance to the textile industries of the western countries. These exporting position may be seriously affected.

The greater part of Japanese rayon production has been in the hands of six companies. In their plant and either directly or through subsidiaries have further extensions projected. These "new companies".

"About twenty other companies have recently been launched, and a number of others are projected. Only six of the new companies, however,

have (according to the "Osaka Mainichi") so far come into partial production, and their combined output is not large, and moreover, includes a considerable proportion of staple fibre. Some of these companies began supplying the market with yarn, only to find they were not fully prepared.

The scheduled capacity of the new companies runs to over 100 tons a day, of which about half is staple fibre. Only a small part of this will affect the market directly this year, and over-production this year will, it is suggested, be mainly owing to the increased output of the older companies, whose figures have been quoted."

Q. Now, what about reduction of selling price of Japanese rayon yarn?

A. From the Textile Argonon, New York, April 25th, page 59:

"Average selling price per pound of 120 Denier Japanese Rayon Yarn".

Y per lb.

1926 2.89

1927 2.55

1928 2.88

1929 1.76

1930 1.28

193196

1932 1.27

1933 1.23 @ 31.97 equals
40.60¢

1934 1.01

193574 @ 28.57 equals
21.14¢

6407

Wilson

have (according to the "Census Bulletin") as

combined output is not large, and moreover, in-

cludes a considerable proportion of staple

fibres. Some of these companies have been supplying

the market with yarn, only to find them were

not fully able to meet the demand.

The combined capacity of the new enterprises

runs to over 100 tons a day, of which about half

is staple fibre. Only a small part of this will

affect the market directly this year, and even-

production this year will, it is expected, be

mainly owing to the increased output of the

after companies, whose figures have been quoted.

6. Now, what about reduction of selling prices

of domestic rayon yarn?

Textile Association, New York, April 1934, page 52:

"Average selling price per pound of 180 Denier rayon-

see rayon yarn."

Table

1934-1935

1935-1936

1936-1937

1937-1938

1938-1939

1939-1940

1940-1941

1941-1942

1942-1943

Q. That is, the 1935 figure is 21.14¢ per lb.?

A. At the exchange rate of 28.57.

Q. And the 1933 figure is 48.60¢ per pound?

A. Yes, at 31.97.

Q. Now, you referred this morning to having been in Great Britain and to what had taken place there with regard to duties on Japanese importation. I would like you to give his Lordship any definite information which you have on that?

A. From

page 221, Customs and Excise Tariff of the United Kingdom and Great Britain, His Majesty's stationery office, London, 1935:

"Tissues, exceeding 12 inches in width and containing more than 75 per cent by weight of (a) artificial silk but not discharged or partly discharged silk (other than wool): Full rate of duty 1s. 5d per lb. plus either 5d. per square yard on the area of the tissue or 25 per cent of the value of the tissue, whichever is the greater.

Note: On a Japanese fabric costing 3.10 yen per 30 yards 27 inches wide, and weighing 8.5 yards per pound the duties per yard would equal:

Taking the £ at 4.86-2/3 and the yen at 29¢ in Canadian dollars:

| | | |
|--------------------------|--------|---------------|
| 1s and 5d per lb. equals | 34.42¢ | |
| 34.42 divided by 3.5 " | | 4.00¢ per yd. |
| 5d equals | 10.12¢ | |
| 10.12 x 27 divided by 36 | | |
| equals | | 7.56¢ per yd |

3.10 yen works out to 2.99 cents per yard.

Q. That is, the 1935 figure is 21.14 per cent.
A. Yes, at 21.07.
Q. And the 1936 figure is 48.60 per cent?

A. Yes, you referred this morning to having been
in West Canada and to what has taken place there
with regard to duties on Japanese imports. I
would like you to give his Lordship any details in-
formation which you have on that?

Q. Yes, Customs and Excise Tariff of the United
Kingdom and West Canada, His Majesty's Stationery

Office, London, 1935, showing in column 1, under
the heading "Duties on Imports", the following rates of
duty on (a) artificial silk and (b) on wool or partly
discharged silk (other than silk): full rate of
duty is 50 per cent. plus either 50 per cent
duty on the area of the tissue or 50 per cent
of the value of the tissue, whichever is the greater.

Q. Now, you say that the duties on wool and
partly discharged silk are 50 per cent. and weighing
50 yards per pound the duties per yard would
be equal:

Taking the 1 at 4.50-5.00 and the 2 at
25 in Canadian dollars:
1a and 2a per lb. equal 25.00
24.4 divided by 5.0 = 4.88
25 divided by 5.0 = 5.00
10.12 = 57.12 divided by 5.0 = 11.02
A. Yes, that is correct.

" Result: On an invoice value of 2.95¢ the duties collected amount to 11.61 cents or just over 380%."

5 Q. Is there any comparison in your opinion as between duties of that kind and the existing Canadian duties?

A. I would gladly trade them. I would gladly trade the Canadian duty for that type of duty.

10 Q. Your mills are silk mills, are they not?

A. Yes, we are so-called silk mills.

Q. Is there any difference--

THE COMMISSIONER: A. Are you wrongly called "silk mills"?

15 A. I am afraid we are getting to be.

Q. On account of the rayon? A. Yes, on account of the rayon.

20 MR. KELLOCK: Q. Is there any difference in the way Japanese competition is affecting the silk mill or so-called silk mills, as you say, and other mills such as cotton mills?

A. Is there any difference?

25 THE COMMISSIONER: When you say "Japanese competition" do you mean Japanese rayon alone?

MR. KELLOCK: Japanese rayon.

THE COMMISSIONER: Alone?

MR. KELLOCK: Yes, how it affects the silk mill.

30 THE COMMISSIONER: Where did the word "cotton" come into your question?

"Witness: On an invoice value of \$2.50

the duties collected amount to 11.61 cents

or just over 300%."

Q. Is there any comparison in your opinion as

between duties of that kind and the existing Canadian

duties?

A. I should gladly trade them.

I would gladly trade the Canadian duty for that type

of duty.

Q. Your mills are silk mills, are they not?

A. Yes, we are so-called silk mills.

Q. Is there any difference--

THE COMMISSIONER: Q. Are you properly called

"silk mills"? A. I am afraid we are getting

to be.

Q. On account of the payment

account of the payment.

MR. WILSON: Q. Is there any difference in the

way Japanese competition is affecting the silk mill

or so-called silk mills, as you say, and other mills

such as cotton mills? A. Is there any

difference?

THE COMMISSIONER: When you say "the same com-

petition do you mean the same payment of duty?

THE COMMISSIONER: A. No?

MR. WILSON: Yes, how is it affecting the silk mill?

THE COMMISSIONER: The word "cotton"

come into your question?

MR. KELLOCK: I asked him whether it would affect silk mills in any different way or to any greater extent than it would affect cotton mills, which are also manufacturing rayon.

5 THE COMMISSIONER: You mean such Canadian Cotton Mills as are also manufacturing rayon?

MR. KELLOCK: Yes.

10 THE WITNESS: Well, the facts are that a larger percentage of the employable machinery in the so-called silk industry is running on rayon than in the cotton industry. I do not know whether I make that clear. In other words, I would hazard a guess that the Canadian so-called silk industry would be operating 75% on rayon and I doubt whether the same percentage of the cotton industry, productive machinery of the cotton industry, would be operating on rayon. So that rayon competition to silk mills would take a larger percentage of their business.

20 THE COMMISSIONER: Q. That is, it bears more strongly on silk mills than on the cotton mills?

A. Yes, that is my point.

25 Q. To what extent? A. I would hazard a guess that so-called silk mills operate 70 to 75 per cent on rayon today.

30 Q. You mean that 75% of our rayon industry is found in the silk mills? A. No, sir, not quite. 75% of the productive machinery is operating on rayon.

Q. And what percentage of the cotton? A. I don't think any more than 5% of the productive capacity of the cotton industry. You must understand that the cotton industr has much more output than the silk industry in yards or pounds, whatever way you like to put it. The point I am trying to make is it is a larger percentage of the silk mill business than it is the cotton mill, the rayon competition.

Q. Suppose it has - what do you argue?

A. Well, that it is more vital to us.

Q. That you are more concerned than the cottons?

A. That we are more concerned. The opinion erroneously seems to get around it is cotton mill position.

MR. KULLOCK: Q. You are a silk man and you want to correct that impression? A. Yes, that is right.

MR. McRUER: The cotton mills are closing up the rayon.

MR. KULLOCK: Q. In your opinion what should be done with respect to that and in what way? A. Well Japan is either going to flood the Canadian market with rayon goods or they are not. If customs provisions were provided it would equalize the landed cost of Japan rayon fabrics to the production cost in Canada. Then if Japan is not going to flood our market with rayon prices we cannot meet, no harm is done.

2. And now I extend my thanks to the

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...to the ...

that the cotton industry has much more to offer than

the silk industry in yards of pounds, shepherds, shepherds

. Well, that it is more vital to us.

1013

A. 108, that is

W. McKim: The cotton mills are closing up

NOV 87 94

Q. Now, what was your opinion when you saw a

1100. A. year t he ri has had to see me in a way

in rayon goods or they are not. If costume dress-

Along with the above, it was provided that the following were to be included in the report:

Canada. Then it began to rain, and the flood set

THE COMMISSIONER: I am afraid too many "ifs"

in that answer. What do you want done? A. I suggest we will be given a rate of duty that will equalize the cost of production. Naturally that rate of duty is subject to, I suppose, individual opinion.

MR. KELLOCK: Q. What you mean is that Japanese material landed here, after it has paid all its charges, including duty, should start on an even basis with the domestic costs? A. I would like to have it even better than that.

Q. As I understand you to say, that is the minimum? A. I do not see why we should bonus Japanese manufacturers.

Q. In other words, if it is not to that maximum extent then you are undersold to start with?

A. That is right.

Q. And you say if that is done it does not hurt the Japanese unless they simply want to flood this market? A. That is right.

Q. Is there anything you want to add?

A. No sir.

MR. KELLOCK: I have in my hand what my friend asked for a few moments ago. It is headed "Importation of 'Other Pulp' into Japan" as supplied by the Canadian Legation, "and I am instructed that the words 'other pulp' are simply a classification and means the kind of pulp we are dealing with here as opposed to some other kind of pulp that is classified otherwise."

The Commission: I am afraid too many will

is that answer. What do you understand?

suggest we will be given a rate of duty that

will equalize the cost of production. But really

that rate of duty is not so high, because, individual

material.

Q. Now, if that rate of duty is not so high,

material landed here, after it has paid all its

duties, including duty, would it be in a position

to compete with the domestic market?

A. I would like to have it even better than that.

Q. As I understand you to say, that is the

argument? A. I do not see why we should

make that argument.

Q. In other words, it is not so that minimum

extent that you are endeavoring to reach right?

A. That is right.

Q. And you say if that is so it does not

hurt the Japanese market? simply want to know

this aspect. A. That is right.

Q. Is that argument the same as this?

A. No sir.

Q. Now, I have in my hand what my friend

said for a few moments ago. It is headed "Importa-

tion of 'other pulp' into Japan," as supplied by the

Canadian Commission, and I am interested in the words

'other pulp,' are simply a class of pulp and means

the kind of pulp we are dealing with. He is opposed

to some other kind of pulp that is classified otherwise

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MR. McRUER: Who says that, because that is v ry indefinite phraseology.

5 MR. KELLOCK: As I understand it, these figures are of the same kind of pulp. There is apparently some other classification of pulp in the Japanese tariff.

THE COMMISSIONER: What is that?

MR. KELLOCK: This is by months.

10 MR. McRUER: What I wanted to get is from Canada by month.

MR. KELLOCK: This is from Canada by month. This comes from the Canadian Legation in Japan.

15 MR. McRUER: And you say some one told you that "other pulp" means pulp for rayon?

MR. KELLOCK: And for paper.

MR. McRUER: What are the classifications of pulp? What do they import pulp for at all if it is not for either rayon or paper?

20 MR. KELLOCK: My Lord, this exhibit has the figures divided as between pulp for paper and pulp for rayon, so that it does include the figures which we were discussing before.

25 THE COMMISSIONER: Does it show a third class in pulp?

30 MR. KELLOCK: No, but the heading is taken apparently from the Japanese classification and those two kinds of pulp come under their classification which is called "other pulp". Now, there is still

MR. WOODMAN: He says that, because that is a very indefinite phraseology.

MR. A. BLACK: As I understand it, these figures are of the same kind of pulp. There is apparently some other classification of pulp in the Japanese territory.

MR. WOODMAN: What is that?

MR. A. BLACK: This is by month.

MR. WOODMAN: What I wanted to say is from January

by month.

MR. A. BLACK: This is from January by month.

Which comes from the Japanese description in Japan.

MR. WOODMAN: And you say some one told you that

"other pulp" means pulp for export?

MR. WOODMAN: What are the classifications of

pulp? What do they import pulp for at all? It is

not for either paper or paper?

MR. A. BLACK: In fact, they export pulp

It was divided as for pulp for paper and pulp

for paper, so that it does include the figures which

we were discussing before.

MR. WOODMAN: Does it show a third class in

what?

MR. A. BLACK: No, but the heading is paper and

export from the Japanese classification and these

the figures of pulp for paper and pulp for

which is what I was talking about. There is still

some other pulp but I don't know what it is but there is.

THE COMMISSIONER: That shows, then, the quantities of pulp imported from Canada to Japan during this period for rayon and for paper?

MR. KELLOCK: Yes.

THE COMMISSIONER: What are the figures?

MR. KELLOCK: For January for paper from Canada it is 4,425,467 pounds and at the same time the total is given apparently from all countries of 28,292,133 pounds.

THE COMMISSIONER: That is for paper?

MR. KELLOCK: Yes. Now, for rayon the figures from Canada are 1,984,000 and the total is 25,307,067. For February for paper from Canada 3,967,200 out of a total of 25,995,467 and for rayon from Canada 1,966,132 out of a total of 30,769,333 pounds. And for March from Canada, for paper 3,693,867 out of a total of 25,995,467. For rayon from Canada 4,237,733 out of a total of 26,902,133. For April from Canada for paper 10,525,200 out of a total of 38,579,592; and for rayon 2,017,867 out of a total of 26,660,800. For May from Canada for paper 9,684,133 out of a total of 32,057,066. For rayon 2,156,333 out of a total of 29,500,266. In June from Canada for paper 15,143,600 out of a total of 28,298,133.

THE COMMISSIONER: Is this for last year?

MR. KELLOCK: 1935, my Lord, yes. In June for

some other help but I don't know what it is

1907

the total for 1907 is \$1,475,447. The total for 1906 is \$1,475,447. The total for 1905 is \$1,475,447.

1907

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rayon from Canada 1,592,533 out of 28,443,600.

For July for paper from Canada 4,654,200 out of a

total of 14,067,733, and for rayon 1,216,933 out of

a total of 18,385,866. In August from Canada for

paper 8,339,600 out of a total of 28,637,334; and

for rayon nothing from Canada. The total figures

being 16,643,866 for that month. Then September

there is for paper, nothing from Canada and 18,326,799

of a total. For rayon nothing from Canada out of a

total of 20,346,667. For October for paper, nothing

from Canada out of a total of 28,637,334 and for

rayon nothing from Canada out of a total of

20,380,933. The other countries are given as well.

Goes down to the month of October.

MR. MORUER: That is what I was asking for.

I wanted to verify the fact that after the war

started we lost our export of pulp to Japan.

THE COMMISSIONER: Entirely.

EXHIBIT 413: Statement of importation of
"Other Pulp" into Japan.

CROSS EXAMINATION BY MR. MORUER:

Q. Mr. Watson you are an officer of the Silk
Association? A. I believe so, I think

I am Chairman of the Tariff Committee.

Q. Chairman of the Tariff Committee of the
Silk Association? A. Yes, sir, that

is right.

1912

from the same 1,385,500 out of 28,444,000.

for help for paper from Canada 4,000,000 out of 28

total of 14,000,000, and the same 1,385,500 out of

total of 18,000,000. The request from Canada for

paper 1,385,500 out of a total of 28,444,000; and

for paper on nothing from Canada. The total 1,385,500

being 1,385,500 for that year. The balance

there is for paper, nothing from Canada and 18,000,000

of a total. For paper nothing from Canada out of a

total of 28,444,000. For paper for paper, nothing

from Canada out of a total of 28,444,000 and for

paper nothing from Canada out of a total of

28,444,000. The same countries are given as well.

from down to the month of October.

Mr. Member: That is what I was asking for.

I wanted to verify the fact that after the war

started we lost our export of pulp to Japan.

The same thing is true for

EXHIBIT A13: Statement of importation of

paper from Japan, 1912.

THE CHAIRMAN: Mr. Member,

Q. Now when you are an officer of the Milk

Administration?

A. Yes, sir, I am chairman of the Milk

Administration of the Milk Committee of the

A. Yes, sir, that

is all.

Q. One of their executive officers? A. Yes.

Q. And you were one of their executive officers at the time of the organization of it? A. Yes.

Q. President at one time? A. Yes sir.

Q. Now, Chairman of the Tariff Committee and and one time president of the Association, would you tell me what rate of customs duty should be put into effect on rayon in the Dominion of Canada? A. Naturally I am biased enough to like to have the old rate.

Q. I don't care how biased you are or anything else. I want the Chairman of the Tariff Committee to tell me what rate he says we ought to have?

A. I was quite content with the rate in force before January 1936.

Q. That may be, I would not doubt that in the world, but I am asking you now as to what rate you say we should have?

A. Well, I would say the rate before January, 1936.

Q. That is the minimum rate that we ought to have?

A. No, I would not say that is the minimum.

Q. Well, I want to know because you know there is no object in having more than the minimum - what is the minimum rate that you say we should have?

A. That is rather a bad question to answer off hand.

Q. May be a bad question but I want a good answer?

A. I would say the rate that we had prior to January 1936.

Q. One of their executive officers?

A. Yes.

Q. And you were one of their executive officers?

A. Yes.

Q. The time of the organization of the

A. Yes.

Q. President at one time?

A. Yes.

Q. Now, Chairman of the Tariff Committee and

and one time president of the Association, would you

tell me what rate of customs duty should be put into

it out or in in the position of Canada?

A. Yes.

Q. I am pleased enough to like to have these

Q. I don't care how pleased you are or anything

else. I want Chairman of the Tariff Committee to

tell me what rate he says we ought to have?

A. I am quite content with the rate in force before

Q. That may be, I don't doubt that in the

world, but I am asking you now to tell me what you

say we should have?

A. Well, I would say

the rate before January, 1930.

Q. That is the minimum rate that we ought to

have?

A. No, I would not say that is the

minimum.

Q. Well, I want to know because you know there

is no object in having more than the minimum - that

is the minimum rate that you say we should have?

A. That is rather a bad question to answer off hand.

Q. It is a bad question but I want a good

Q. I would say the rate that

Q. I am sure of January 1930.

Q. Why have you changed on that in two questions? You said a moment ago you would not say that. I cannot have customs duties vacillating so fast as that. You said before you would not say we should have it that high and so I asked you to say what we should have as a minimum? A. All right,

I say the rate that we had prior to January 1936.

Q. That that is a minimum, about 800%?

A. On some cheap fabrics.

Q. Then I want to put you right down to it that we are not going to have any mistakes about it that you contend that the rate that was in effect prior to January 1st, 1936, is the minimum rate that the industry can stand in regard to importations from Japan and I want you to think over that and give me a definite clear answer? A. The minimum

rate that the industry can stand?

Q. Yes.

A. No, I think the industry could do with less.

Q. Why do you ask for more?

A. Because I have not at this particular moment exactly the figure that would suffice.

Q. Oh well, now, do you think that it is quite fair to us for you to come here and take us over the rates that are prevailing all over the world and yet you have not had anything to contribute to say what you consider would be the minimum rate that the industry could stand in so far as the Japanese trade

Q. Why have you changed on that in two questions?
A. I said a moment ago you would not say that. We
cannot have customs duties levied at least as
high. You said that you would not say we should
have it that high and as I said you to say what we
should have as a minimum?
A. I think
I say the rate that we had prior to January 1930.
Q. That that is a minimum, about 800?
A. On some cheap fabrics.
Q. Then I want to put you right down to it
that we are not going to have any more we want it
that you understand that the rate that was in effect
prior to January 1st, 1930, is the minimum rate that
the industry can stand in regard to importations
from Japan and I want you to think over that and give
me a definite clear answer?
A. The minimum
rate that the industry can stand.
Q. Yes.
A. No, I think the industry
could do with less.
Q. Why do you say that?
A. Because
I have not at this point in time exactly the
figures that I want to put before you.
Q. Oh well, now, do you think that it is quite
fair to us for you to come here and take us over the
rates that are levied all over the world and yet
you have not had anything to contribute to say that
you consider would be the minimum rate that the
industry could stand in so far as the Japanese trade

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is concerned? A. Not offhand.

Q. The one in effect may be all right then
so far as you know? A. Time will tell.

Q. I say, for all you know today the rate that
is in effect may be all right? A. I say time
will tell.

Q. I want to answer to my question: Of course,
time will tell. Time will tell a great many things
to us. It has told a few in the past too. But I
say as far as you are concerned today the rate
that is in effect now may be all right? A. I
don't think so.

Q. Well, I am going to get your opinion--is it
all right or is it not? A. I don't think it
is.

Q. Why do you say it is not? A. Because
of--

Q. In the first place, I will ask you what is
it? A. It depends on what fabrics you figure
it on.

Q. Yes, but if you figure it on any fabric?

A. I recently--

Q. Well, I don't care whether recently or anciently--
have you figured it on any fabrics? A.
I have figured laid down cost of Japanese
fabrics from time to time. I don't know what I had
worked it out as to what the percentage ad valorem
rate was.

is concerned? A. Not at all.

Q. The one in effect may be all right then

as far as you know? A. Time will tell.

Q. I say, for all you know today the rate that

is in effect may be all right? A. I say time

will tell.

A. I want to answer to my question: No, no, no,

time will tell. Time will tell a great many things

to us. It has told a few in the past too. But I

say as far as you are concerned today the rate

that is in effect now may be all right? A. I

don't think so.

Q. Well, I am going to get your opinion--is it

all right or is it not? A. I don't think it

is.

Q. Why do you say it is not? A. Because

of--

Q. In the first place, I will ask you what is

it? A. It depends on what fabrics you figure

it on.

Q. Yes, and if you figure it on any fabric?

A. I recently--

Q. Well, I don't care whether recently or anciently

have you figured it on any fabric? A.

I have figured laid down cost of Japanese

fabrics from time to time. I don't know what I had

worked it out as to what the percentage and volume

rate was.

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Q. Then do you mean to say you are forming an opinion as to whether the rate is sufficient or not without knowing what it is or without having it figured on any fabrics? A. Any rate is sufficient that equalizes the cost of production whatever the ad valorem percentage may be.

Q. I know but we want to know what rate you have figured that would equalize the cost of production?

A. Well, I said in my testimony before that I would be content to have the English rate.

Q. Oh, of course, you would be content to have the highest you could get. You want them kept out altogether? A. Quite.

Q. You do not believe we should import fabrics from Japan? A. Not if they can be made here.

Q. So that you do not believe, then, that it ought to be based on giving Japan a fair chance to compete in this market after costs have been equalized? A. That is for the Government to say.

Q. Oh, I want your views? A. I have said that I would like to see them kept out.

Q. Your view is that the public should not be given an opportunity to buy Japanese fabrics even though the difference in cost of production is equalized by a tariff, that they ought to be forbidden to buy Japanese fabrics? A. I suppose it amounts to that.

As soon as

Then do you mean to say you are forming

an opinion as to whether the rate is sufficient

or not without knowing what it is or without

having it figured on any basis?

is sufficient that equalizes the cost of production

whatever the ad valorem percentage may be.

I know but we want to know what rate you have

figured that would equalize the cost of production?

Well, I said in my testimony before that I

would be content to have the British rate.

Oh, of course, you would be content to have

the highest you could get. You want them kept

at that level.

You do not believe we should import

tariffs from Japan? Not if they can be

made here.

So that you do not believe, then, that it

ought to be based on giving Japan a fair chance

to compete in this market after costs have been

equalized? A. That is for the Government to

say.

Oh, I want your view? A. I have said

that I would like to see them kept out.

Your view is that the public should not be

given an opportunity to buy Japanese fabrics

even though the difference in cost of production

is equalized by a tariff, that they ought to be

forbidden to buy Japanese fabrics?

A. I

Q. Did you ever consider it from the point of view of the consumer? A. Yes, being consumer.

Q. Being a consumer of rayon goods? A. Yes.

5 Q. You get yours on a little advantageous condition, do not you? A. Anybody in the organization that buys, we usually have retail price for it.

10 Q. Can you tell me any reason why there should be a higher rate of goods in respect to Japanese goods in Canada than there is in the United States?

A. I dont know whether there is--

15 Q. I dont care whether you know or not--I am asking if you can tell me any reason why there should be a higher rate of duty in Canada than in the United States? A. I dont think so. You mean keeping in mind that United States duties are usually figured on American cost of production basis for duty purposes, which makes a tremendous difference in the ad valorem cost.

20 Q. Yes, but in respect to rayons they are not-- American cost of production plus the ad valorem rate-- that is not the way they are figured? A. Well, I dont know what authority you have for that statement.

25 Q. Well, I will produce authorities for it. You have no authority that they are? A. No, other than that my understanding is that they are.

30 A. Your understanding is all wrong, but all I will

Did you ever consider it from the point of view of the consumer? A. Yes, being consumer.

... I don't know whether there is--

... I don't know whether you know or not-- I am assuming if you can tell me any reason why there should be a higher rate of duty in Canada than in the United States?

Can you tell me any reason why there should be a higher rate of goods in respect to Japanese goods in Canada than there is in the United States?

I don't know whether there is--

I don't know whether you know or not-- I am assuming if you can tell me any reason why there should be a higher rate of duty in Canada than in the United States?

... I don't know whether there is--

... I don't know whether you know or not-- I am assuming if you can tell me any reason why there should be a higher rate of duty in Canada than in the United States?

... I don't know whether there is--

... I don't know whether you know or not-- I am assuming if you can tell me any reason why there should be a higher rate of duty in Canada than in the United States?

... I don't know whether there is--

... I don't know whether you know or not-- I am assuming if you can tell me any reason why there should be a higher rate of duty in Canada than in the United States?

... I don't know whether there is--

... I don't know whether you know or not-- I am assuming if you can tell me any reason why there should be a higher rate of duty in Canada than in the United States?

ask you is this: Is there any reason that you can advance as to why the rate of duty should be higher in Canada in respect to Japanese importations than it is in the United States? A. No.

5 Q. So that as far as Canada is concerned the manufacturer in Canada carries on under substantially the same circumstances as the manufacturer in the United States. As a matter of fact the manufacturer in the United States has to pay a little higher wages and shorter hours? A. In some vicinities.

10 Q. Well, in practically all of them? A. Not in the south. The Code is not any longer in effect in a great many industries.

15 Q. Tell me, what is the hours of labour in the American industry? A. It varies in localities.

20 Q. What is the maximum and what is the minimum? A. Any statement that I would make would not be authoratative.

Q. Well, we wont take it from you because we do want to have it authoratative. Now, you buy rayon yarn? A. Yes sir.

25 Q. We have heard quite a lot about the low price of rayon yarn, how Canada is going to be flooded with rayon products, and have you bought any Japanese rayon yarn? A. I have had sample cases.

30 Q. Have you used them? A. I believe that two out of four have been used.

and you is this: Is there any reason that you can
advocate as to why the rate of duty should be raised
in Canada is really an important consideration.

It is in the United States

... to look at the situation in the United States

... in the United States

the same circumstances as the present situation in the

United States. As a matter of fact the present situation

in the United States has to pay a little higher wages

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that.

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price of raw materials, but Canada is going to be

loaded with raw materials, and have not bought any

... in the United States

... in the United States

... in the United States

... in the United States

Q. Why just two out of four? A. Be-
cause we had use for that particular size at the
moment.

Q. Well, did you not like the others?

A. We have not been making anything that would take
that particular size of rayon yarn.

Q. Are you going to start to buy your yarns
in Japan now? A. I don't think so.

Q. What do you buy yarns for? A. To
make fabric.

Q. You did not buy it for any other purposes?
A. No.

Q. You have suggested that you felt nervous
and upset about possible Japanese competition during
this year? A. Yes.

Q. I take it from what you said that the
actual competition had not been anything to be
alarmed about? A. That is right.

Q. But I suppose probably this closing of a
mill down at Sherbrooke and all this fuss we have
been making in this commission, that might unsettle
the trade a little bit and make them think they are
going to get Japanese bargains? A. Well,

I don't know how the trade feel about it, all I can
do is judge by what the trade acts towards me in
regard to placing orders and buying goods.

Q. I suppose when you get orders you have to
order yarn and have things made up? A. Not
necessarily, we make a great deal of stock, of goods

for stock, regular numbers.

Q. But the making of goods for stock will be gauged to a certain extent on what you think the market is going to stand for the future? A. That is right.

Q. Well now, have you taken the trouble to ascertain your purchases of yarn this year, to see what confidence you have had in the future? A. I would imagine they would be larger than last year.

Q. Well, there is no doubt they are?

A. Yes, but at the expense of silk.

Q. That does not make any difference. We are talking about rayons just now. In January, 1935, Grout's Limited, I am instructed, purchased 13,149 pounds; 1936--

THE COMMISSIONER: Of what?

MR. McRUE: Of rayon yarn, from Grout's Ltd.

| | <u>1935</u> | <u>1936</u> |
|----------|--------------|--------------|
| January | 13,149 | 6,290 |
| February | 10,990 | 7,795 |
| March | 8,761 | 9,320 |
| April | 6,400 | 7,750 |
| May | <u>7,150</u> | <u>8,500</u> |
| | 46,450 | 38,655 |

Valleyfield

| | | |
|----------|--------------|--------------|
| January | 11,471 | 20,320 |
| February | 999 | 17,005 |
| March | 3,000 | 20,000 |
| April | 5,750 | 17,610 |
| May | <u>8,009</u> | <u>9,500</u> |

| | | |
|-------|---------------|---------------|
| | <u>29,229</u> | <u>84,435</u> |
| Total | 75,679 | 123,090 |

5 In 1935 there was a total of 75,679 pounds as
against a total in 1936 of 123,090 pounds or an
increase over 1935 of 47,411 pounds in the first
five months of the year or being considerably over
about 60% increase this year. You were not display-
ing a lack of confidence in the rayon market in
Canada during the first five months of this year?

A. It takes time for these things to work.

10 Q. Well, takes time to work - may not work at
all. You did not think your business was going to
be ruined when you increased your purchase of yarn
over the first five months by about 60%? A. Of
course, I have no control over the dictates of
15 fashion. If the lingerie people want to go from silk
fabrics into rayon fabrics I have either to make them
or not get the business and that is exactly what
happens and that is what accounts for the increase
in rayon yarn.

20 Q. We have had some of those things happening.
We have in one instance the mill close in January.
We have threats of closing other mills because
Japanese competition was wiping out the rayon in-
dustry. At least suggested that. I gathered that
that is what was meant but we have you increasing
25 your purchases of rayon yarn by over 60%? A. Is
not that true of most every mill in Canada?

30 Q. You think that every rayon mill in Canada
has been doing the same? A. I would say most
of them, due to the dictates of fashion.

In 1938 there was a total of 75,679 pounds as
against a total in 1936 of 123,090 pounds or an
increase over 1936 of 47,411 pounds in the first
five months of the year or being some twenty over
about 60% increase this year. You were not display-
ing a lack of confidence in the rayon market in
Canada during the first five months of this year?
A. It takes time for these things to work.
C. Well, takes time to work - may not work at
all. You did not think your business was going to
be ruined when you increased your purchases of rayon
over the first five months by about 60%?
A. Yes, I was in a very bad position at
that time. If the lingerie people went to as far with
fabrics into rayon fabrics I have either to make them
or not get the business and that is exactly what
happens and that is what accounts for the increase
in rayon.
Q. We have had some of these things happening.
We have in one instance the mill close in January.
We have threats of closing other mills because
Japanese competition was wiping out the rayon in-
dustry. At least suggested that. I gathered that
that is what was meant but we have you increasing
your purchases of rayon yarn by over 60%?
A. Is not that true of most every mill in Canada?
Q. The same was true when I was in Japan.
A. I would say that the situation in Japan,

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Q. Well, this mistress of fashion I know is a hard one to handle but better to be ruled by fashion than by Japan anyhow? A. Absolutely.

MR. MORUER: I think probably we had better have this statement copied and filed.

EXHIBIT 414: Statement of purchases of rayon yarns from Courtaulds by Grout's Limited and Valleyfield Mills for first five months of the year 1936.

THE WITNESS: Does not that bear out my statement a little while ago that the rayon competition was of more interest to the silk mills than it was to the cotton people?

MR. MORUER: That may be. I am not arguing that point at the moment.

Q. At any rate, up to the present time, Mr. Watson, one could not say that Japanese goods were pouring into Canada? A. No sir, I said that before.

Q. Now, December 30th, 1935, I believe you wrote a letter on this subject matter to Mr. Douglas Hallam. I have a copy of the letter here. The original I think is in Mr. Hallam's file. Just look at that and see if you remember writing the letter to Mr. Hallam? A. (Witness reads letter)

Q. Do you remember the letter? A. Well, I have no doubt that I wrote it. I cannot say that I remember it.

Q. I can prove it? A. I am quite prepared to accept that.

It is addressed to "Major Douglas Hallam, the Silk Association of Canada, Toronto." It says:

"Now that the Japanese Pact has been definitely settled for January 1st, I think I should forward on to you some information that I have and see what we can find out as to the treatment that is going to be done.

I believe that at the beginning will be our hardest job and I am wondering if we might go and see the Honourable Mr. Illsley, Minister of National Revenue, right away and find out his stand on the matter, for if the first shipments are stopped there will probably not be as much trouble as if the first shipments are allowed in and a precedent is established.

In my opinion there is no silk goods that are not made commercially in Canada, or in other words that are not of a class or kind that are manufactured in Canada, but I know that quite a large business has been placed with A. B. Fisher & Co. in Toronto on what are supposedly lines that are not of a class or kind manufactured in Canada. For instance, there is woven strips made of a base of spun silk and real silk filling and we ourselves have made these in the past and have a line for sale this coming summer. I understand they are also going to bring in a considerable amount

of artificial jacquard brocades and plain
brocades, and I would think that the cotton
companies would have made these commercially in
Canada, if not some other people.

Then there is also comes up the question
that in the past there were large importations
of Japanese habutai--"

THE COMMISSIONER: Q. What does that mean?

A. Habutai is cloth that is constructed wholly of
spun silk yarn. The silk cultural industry in
Japan has a byproduct, waste naturally. That waste
is taken and combed and spun into yarn similar to
cotton spinning except it is in fibres and spun
in larger fibres and peculiar to the system and is
made into cloth and sold by the trade name of
Habutai.

MR. McRUER: To read on, "the low grade spun
silk cloth which was cut in the past into lingerie."
Now, was there habutai made in this country?

A. I am not sure, I think some pieces of habutai
have been made.

Q. I mean, was it made in commercial quanti-
ties?

A. I don't think so.

Q. Is it being made now in commercial quan-
tities by any firm that you know of?

A. Not
to my knowledge.

"Then there also comes up the question
that in the past there were large importations
of Japanese habutai, the low grade spun silk

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of artificial forward processes and plain
processes, and I would think that the cotton
companies would have made it see to itself in
Canada, it not some other people.

then there is also some of the question
that in the past there were large importations
of Japanese habutai--

THE COMMISSIONER: Yes, that does not mean
A. Habutai is cloth that is constructed wholly of
 spun silk yarn. The silk cultural industry in
 Japan has a pyrolytic waste naturally. That waste
 is taken and combed and spun into yarn similar to
 cotton spinning except it is of higher and spun
 in larger fibres and peculiar to the system and is
 made into cloth and sold by the trade name of
 Habutai.

MR. MONTGOMERY: To read on, "the I was told
 silk cloth which was out in the market into 'Habutai'.
 Now, was there habutai made in this country?
 A. I am not sure, I think some pieces of habutai
 have been made.

A. I mean, was it made in commercial quantities?
 A. I don't think so.
 Is it being made now in commercial quantities?
 I think by any firm that you know of?

"Then there also comes up the question
 that in the past there were large importations
 of Japanese habutai, the I was told by a silk

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cloth which was cut in the past into lingerie.

5 Naturally when the duty came on the
lingerie, people looked around for other mater-
ials to take its place and they switched to flat
crepe and crepe-de-chene. I am afraid that
if the habutai is allowed to come in at any
cheaper rate again there might be somewhat of a
switchback and habutai is peculiarly a Japanese
10 cloth because they take the waste from the reel-
ing of raw silk and spin it into spun silk,
and is really a by-product of the sericulture
industry which no other nation has.

15 As a matter of fact, to boil the whole
thing down, I am wondering if we could go to
Mr. Ilsley and extract a promise from him which
he will keep, that he will submit to us, that is
the Association, a sample of all goods that are
entered for the next three months for importation
20 as a "class or kind not made in Canada" in both
silk and artificial and mixtures of the same,
whether we would not help ourselves more in the
final analysis than anything we could do after
the importations in any way.

25 There is no question in my mind that with the
Liberal party they are going to leave some things
in that should not be taken in so that it seems
that we have got to take the step early and
often if we are going to keep things in any
30 kind of reasonable bounds.

which was out in the west into Illinois.
Naturally when the duty came on the
finger, people looked around for other mat-
ters to take its place and they switched to this
orange and orange-brown. I am afraid that
it the material is allowed to come in at any
cheaper rate again there might be a movement of a
switchback and material is practically a Japanese
cloth because they take the waste from the pro-
cess of raw silk and spin it into spun silk,
and it really is by-product of the sericulture
industry which no other nation has.
As a matter of fact, to boil the whole
thing down, I am wondering if we could go to
Mr. Linsley and suggest a promise from his side
he will keep, that he will submit to us, that is
the Association, a sample of all goods that are
entered for the next three months for inspection
as a "class or kind not made in Canada" in both
silk and artificial and mixtures of the same,
whether we would not help ourselves here in the
final analysis than anything we could do after
the importations in any way.
There is no question in my mind that with the
liberal party they are going to leave some things
in that should not be taken in so that it seems
that we have got to take the step early and
often if we are going to keep things in any
kind of reasonable bounds.

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I personally know of two or three houses that have liquidated all of their domestic goods with the idea of stocking up with Japanese stuff in anticipation of freer importation of Japanese merchandise, and I think you will agree with me that with proper regulations by the customs and the reduction of the yen rate of $41\frac{1}{2}$ to 39, it will not allow for importation.

I am a bit worried, however, that if they make a new exchange regulation every year on the basis of the average over the past five years that you will readily see that about the fourth or fifth year of the King administration the yen exchange rate applicable will be about 29¢. I am wondering if you could get some information on this line also.

Were you able to get any information on the supposed importation by Batons of January sale dresses from the United States which Bill Whitehead was speaking about in Ottawa?

What has been done in regard to soliciting the present members of Parliament to protest or at least work against the proposed legislative changes in regard to the American Treaty, I speak particularly of the proposed changes in regard to dumping duty and fair market value as explained in the note attached to the American Trade Treaty.

I personally know of two or three houses
that have been closed up for some time
agoes with the idea of stocking up with
Japanese stuff in anticipation of future impor-
tation of Japanese merchandise, and I think you
will agree with me that with proper care before
by the customs and the red action of the you
will be all right. It will be all right for
information.
I am a bit worried, however, that if they
make a new exchange regulation every year on
the basis of the average over the last five
years that you will really see that about the
fourth or fifth year of the new administration
the new exchange rate regulation will be about
25%. I am wondering if you could get some
information on this line also.
Were you able to get any information on
the supposed importation by Japan of January
with Japanese stuff for export to the States
Bill Whitcomb was speaking about in a paper
that has been done in regard to holding
the recent numbers of tariff to protect
or at least work against the proposed legisla-
tion changes in regard to the American Treaty.
I speak particularly of the proposed changes in
regard to dumping duty and fair market value
as explained in the note attached to the
enclosed press copy.

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It looks now like I am not going to England before the 15th of the month so that if there can or is to be anything done along the above lines, I would like to do it before then."

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Q. Evidently you had done some calculating to determine whether or not goods could be profitably imported from Japan under the new regulations with the yen fixed at 39½?

A. I think I saw before that that regulations by the customs--

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Q. Yes, I know, but I say you had done some calculating to determine whether they could be profitably imported?

A. On the basis of fixed valuations for duty purposes.

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Q. Well, I am asking you - did you make some calculations?

A. Yes.

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Q. What calculations did you make?

A. On the basis of reduction of then prevailing or the prevailing value for duty purposes which was one dollar a pound I believe before.

Q. \$1.25?

A. \$1.25.

Q. You do not remember the good things you did have?

A. Yes, \$1.25 on the basis of something less than that.

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Q. What did you figure on when you were figuring as to proper regulations - what fixed valuations were you figuring on because you did not mention anything about fixed valuations in this letter at all?

A. I say fixed--

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is that now like I am not going to take
where the line of the month so that it there
and on it to be anything else along the above
line, I would like to do it before then.
2. I am sorry you had some some difficulty in
the mine whether or not goods could be profitably
imported to the mine. The new regulations with
the new line of 30%
I am sorry that regulations by the customs--
3. Yes, I know, but I am not sure some
of the regulations to determine whether they could be profit-
ably imported?
4. On the basis of fixed
valuations for duty purposes.
5. Yes.
6. What valuations did you have?
the basis of reduction of their prevailing or the
prevailing value for duty purposes which was one
dollar a pound I believe before.
7. Yes.
8. You do not remember the last time you
had duty?
9. Yes, I am sure on when you were
10. I am sure to be in regulations - what kind of regu-
lations were you referring on because you are not sure if
anything about fixed valuations in this letter at
all?
11. I am fixed--

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Q. You tell me now you had in mind proper regulations although you said nothing in your letter about it being a fixed valuation you were fishing for. When you were making your calculations of the fixed valuation had you in mind-- A. I figured on a varied valuation for different types of cloth, for mixture cloths lower than \$1.25, for plain cloths lower than \$1.25, for pattern cloths and printed cloths, just about \$1.25 to \$1.20.

Q. If you in this letter had any idea that you were going to ask for a fixed valuation which had just been abolished, why did not you mention it in the letter. There was not a breath about it from beginning to end, you were going to go down to see Mr. Illsley and get a promise from him to submit to him the classes that were imported before there was a ruling made as to whether it was classed or kind made in Canada. Now, if you had in mind making application for lesser fixed valuation why did not you mention it in the letter? A. I cannot tell you why. I don't know offhand why.

EXHIBIT 415: Copy of letter to Major Douglas Hallam, the Silk Association of Canada, dated December 30th, 1935, from P. R. Watson.

(Page 6440 follows)

Q. You tell me now you had in mind proper
calculations although you said nothing in your letter
about it being a fixed valuation you were fixing
off. When you were making out calculations of
the fixed valuation had you in mind-- A. I
figured on a varied valuation for different types
of cloth, for mixture cloths lower than \$1.50, for
plain cloths lower than \$1.50, for pattern cloths
and figured cloth, for example \$1.50 to \$2.00.
Q. If you in this letter had not said that
the fixed valuation was a fixed valuation, it
had just been abolished, why did not you mention it
in the letter. There was not a question about it from
beginning to end, you were going to go down to see
Mr. Hilsley and get a promise from him to submit to
him the cases that were reported but he would not
a ruling made as to whether it was allowed or him
made in Canada. Now, if you had in mind making
application for lower fixed valuation why did not
you mention it in the letter? A. I cannot
tell you why. I don't know of any way.

Exhibit 415: Copy of letter to Mr. Hilsley
re: the bill
Association of Canada, dated
March 10, 1911.

6440

Watson

THE COMMISSIONER: Are you putting that in,
Mr. McRuer?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: That will be Exhibit 415.

EXHIBIT 415: Copy of letter dated December 30th,
1935, from P.R. Watson to Major
Douglas Hallam.

THE COMMISSIONER: Q. What is the date of it, please?

THE SECRETARY: December 30th, 1935.

BY MR. McRUER: Q. Then, were you a member of the
delegation that went to Ottawa to interview Mr.

Dunning, Mr. Ilsley, and Mr. Euler? A. I was, sir.

Q. Well, there is something I want to ask you about
that.

THE COMMISSIONER: That was in January?

BY MR. McRUER: Q. That was the 14th of January, was
it A. I don't remember the date, sir. That was

right after the new regulations came in.

Q. Well, I have it here - the 14th January,
1936; it appears from Exhibit 277. You had a meeting
together first, at the Chateau Laurier Hotel before
you went to interview the Ministers? A. That is
the usual practice.

Q. Well, I don't care whether you usually meet,
or whether you don't, but I say you did have a meeting?

A. I believe we did; I think so, yes. I will say
we did, as far as I was concerned.

Q. Then do you recollect whether there was any
definite information in your hands at that time of

please

from

THE OFFICE: Are you answering that in?

Mr. McArthur:

Mr. McArthur: Yes, my lord.

THE OFFICE: You will be coming in.

EXHIBIT 377: Copy of letter dated December 20th, 1983, from J. J. Watson to Major Watson.

THE OFFICE: What is the date of it, please?

THE OFFICE: December 20th, 1983.

BY Mr. McArthur: Then, were you a member of the

delegation that went to Ottawa to interview Mr.

Mr. McArthur: Yes, my lord.

THE OFFICE: Well, there is something I want to ask you now.

June.

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THE OFFICE: That was in January?

BY Mr. McArthur: That was the 10th of January, 1983.

THE OFFICE: I don't remember the date, sir. That was

right after the new regulations came in.

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THE OFFICE: Well, I have it here - the 10th of January.

1983; it appears from Exhibit 377. You had a meeting

together with the other members before

you went to interview the Minister?

THE OFFICE: Yes.

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THE OFFICE: Well, I don't know whether you really met,

or whether you didn't, but I say you did have a meeting.

THE OFFICE: Yes, I will be.

THE OFFICE: Yes, my lord.

Japanese goods being imported, or about to be imported into Canada? A. May I have that again, sir?

Q. Do you remember whether there was any definite information in your hands at that time about Japanese goods being imported, or about to be imported into Canada? A. I had heard of quotations being made, which was common knowledge in the trade.

Q. You had heard of quotations being made? A. Yes.

Q. Had you seen any quotations? A. No.

Q. No. Were you present when Mr. R.G. Tolmie, of the Canadian Cottons, explained to the Ministers that Japanese goods had forced the shut-down of the Milltown mill which was making these goods and produced cancellation of orders which had been received? A. Yes.

Q. Mr. Tolmie made that statement, did he, to the Ministers? A. Well, it is my recollection that he did. Whether those are the exact words or not I don't know.

Q. I say, it is your recollection that he made a statement to the Ministers which could at least be reasonably stated to be this: That the Japanese goods had forced the shutting down of the Milltown mill which was making these goods, or producing similar goods, and that cancellation of orders had been received? A. I would not say that he said it had

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Q. Now you are asked whether there was any action
information in your hands at that time about goods
goods being imported, or about to be imported into
Canada?
A. I had heard of quotations being made
also was some knowledge in the case.
Q. You had heard of quotations being made?

Q. Had you seen any quotations?
A. No. Were you present when Mr. E. B. Thomas,
of the Canadian Customs, explained to the witnesses
that Japanese goods had forced the shut-down of the
Milltown mill which was making these goods and
produced cancellation of orders which had been received.
A. Yes.

Q. Mr. Thomas made that statement, did he, to
the witnesses? A. Well, it is my recollection
he did. Whether those are the exact words or not
I don't know.

Q. I say, it is your recollection that he made a
statement to the witnesses that goods were being
imported into Canada? That the Japanese
goods had forced the shut-down of the Milltown
mill which was making these goods, and that
this had produced cancellation of orders which had
been received?

forced down the operations; I would say that he said it would force the closing of the Milltown mill, and that cancellations were being received.

. Did you receive any cancellations of orders?

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A. No, sir.

. Did you ever receive any cancellation of orders on account of the importation of Japanese goods?

A. I don't think so.

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Q. No. A. We did not make that particular type that was being discussed at that time, sir.

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Q. You mention in your letter about a house that had cleared out, - by the way, did those who were waiting on the Minister explain that the orders that had been placed with A.B. Fisher & Company were of a class or kind that were said not to be made in Canada? A. It is possible.

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Q. The members of this delegation were impressing on the ministers that there was great danger of Japanese importations, and I rather gather, from the panic over the importations, or rather the panic that was abroad at that time, in some people's minds at any rate, that there were many many orders being placed for Japanese goods, or you thought there were.

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Did you explain to the Ministers, that the orders that were being placed with A.B. Fisher & Company, Toronto, were for goods of a class or kind that were not made in Canada? A. Well, in my opinion some of the orders that were placed were of a class

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forced down the operations; I would say that he said
it would force the closing of the Mill.
that cancellations were being received.

.. did you receive any cancellations of orders?
.. No, sir.

.. did you ever receive any cancellation of orders
on account of the importation of Japanese goods?
.. I don't think so.

.. No. .. did not make that particular
type that was being discussed at that time, sir.

You mention in your letter about a house that
had cleared out, - by the way, did those who were
relying on the Minister explain that the
that had been placed with A.B. Fisher & Company
were of a class or kind that were said not to be made
in Germany? .. It is possible.

.. The members of this delegation were representing
on the ministers that there was great danger of
Japanese importations, and I rather wonder, from the
point of view of the importations, or rather the panic
that was spread at that time, in some people's minds
at any rate, that there were many orders being
placed for Japanese goods, or you thought there were.
Did you explain to the ministers, that the orders
that were being placed with A.B. Fisher & Company,
that were the orders for a class of goods that
were not made in Germany? .. Yes, sir, I did explain
that the orders were placed with A.B. Fisher & Company

or kind.

Q. That were said to be of a class or kind not made in Canada. Did you explain that to the Ministers, or did you just tell the Ministers that Fisher and Company had received a good many orders? I want to know how you put it to the Members of the Government.

A. I don't know as I quite understand what you are trying to have me answer.

Q. In this letter written two weeks before your interview you say:

"But I know that quite a large business had been placed with A.B. Fisher & Co., in Toronto on what are supposedly lines that are not of a class or kind manufactured in Canada."

A. That is silk stripes--

Q. All I am asking you is, did you explain to the Ministers that these orders that were placed with A.B. Fisher & Company, Toronto, were said to

be of a class or kind? A. I don't know whether it was or not. My opinion is it is of the class or kind--

Q. Well, you have said here it was said to be of a class or kind that are not made in Canada?

A. Fisher & Company said so.

Q. You were telling the Ministers ~~ix~~ about the orders that Fisher & Company had received, were you not? A. I think they did, yes.

Q. And all I am asking is, did you explain to

Q. Now?

A. That was said to be of a class or kind not made in Canada. Did you explain that to the Ministers, or did you just tell the Ministers that Fisher and Company had received a good many orders? I want to know how you put it to the members of the Government. A. I don't know as I quite understand what you are trying to have me answer.

A. In this letter written two weeks before your interview you say: "But I know that Fisher and Company had been placed with E.B. Fisher & Co., in

connection with the Government of Canada, and that not of a class or kind manufactured in Canada." A. That is all right--

Q. All I am asking you is, did you explain to the Ministers that these orders that were placed with E.B. Fisher & Company, Toronto, were said to

be of a class or kind? A. I don't know whether it was or not. My opinion is it is of the class or kind--

Q. Well, you have said here it was said to be of a class or kind that are not made in Canada?

A. Fisher & Company said so. Q. You were telling the Ministers that Fisher and Company had received a good many orders, were they not? A. Yes, I was. Q. And all I am asking you, did you explain to

them that the goods were said to be of a class or kind that were not made in Canada? A. I don't think the subject was touched, as a matter of fact, in conversation with the Ministers.

Q. All right, it was not putting the whole story before the Ministers, was it? A. Well, we were discussing goods of a class or kind that were made in Canada with the Ministers.

Q. I know, but when you were dealing with the orders that Fisher & Company had, it was goods of a class or kind that were said not ^{to} be made in Canada? A. Said by whom?

Q. By you. I see, that Fisher & Company said so? A. That is right.

(Page 6446 follows)

1944

1944

When the goods were said to be of a class or
kind that were not made in Germany?
I don't think the subject was touched, as a matter of fact,
in conversation with the Minister.
... All right, it was not said in the whole
story before the Minister, was it?
were discussing goods of a class or kind that were
made in Germany with the Minister.
... I know, but when you were dealing with the
orders that Fisher's Company had, it was goods of
a class or kind that were said not to be made in

A. Said by whom?

... of the ...

A. That is right.

[Faint text]

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Q. Well now, the Silk Association took some active steps in 1930 to submit to the new government at that time what rates of duty they thought ought to prevail?

5 A. Amongst others, yes.

Q. Amongst others, quite right. You could hardly get near Ottawa for the crowd, could you?

A. I would not say that.

Q. There were plenty of others there?

10 A. I would not say that.

Q. At any rate, the Silk Association prepared a brief on the matter?

A. I believe so.

Q. Have you got a copy of the brief prepared by the Silk Association and submitted to the government?

15 A. I don't believe so. I may have amongst my files.

Q. Where will there be a copy, because I am going to get these briefs sooner or later that put forward what duties you said you ought to have. I

20 don't want you to blush from modesty? A. I imagine

if there is a copy of the brief it would be in the Silk Association office.

Q. You told me there was a brief submitted?

A. I don't know whether there was a copy made or not.

25 Q. Will you do everything you can to find it?

A. Most certainly.

Q. Now, I am not going into the question of the adventures of the Silk Association to-day because I don't want to take up your time for submitting your

30 Japanese case on that. We will have a round out of that later on, Mr. Watson. But there is just one matter; do you recognize Mr. Hallam's signature on this

Q. Well now, the Silk Association took some action
even in 1920 to submit to the new Government at that
time what rates of duty they thought ought to prevail?
A. Amongst others, yes.
Q. Amongst others, quite right. You would
have had some other rates, wouldn't you?
A. I would not say that.
Q. There were plenty of others there?
A. I would not say that.
Q. At any rate, the Silk Association prepared
a brief on the matter?
A. Have you got a copy of the brief prepared by
the Silk Association and submitted to the Government?
A. I don't believe so. I may have brought up files.
Q. There will there be a copy, because I am
going to get these briefs sooner or later that put
forward what duties you said you ought to have. I
don't want you to think I am making
if there is a copy of the brief it would be in the
Silk Association files.
Q. You told me there was a brief submitted?
A. I don't know whether there was a copy made or not.
Q. Will you do everything you can to find it?
A. Most certainly.
Q. Now, I am not going into the question of the
extension of the 1917 Association (old) because
I don't want to take up your time for submitting your
I will have a round out

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Watson,

letter? ... A. I do.

Q. It appears to be a sort of copy that is sent to different members of the executive. This is on the Silk Association paper and it is stated to be "copy for Mr. Marx".

THE COMMISSIONER: Are you putting it in?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: 416.

EXHIBIT NO. 416: Letter dated November 1, 1934 from Silk Association of Canada.

THE COMMISSIONER: Letter from Mr. Hallam to whom?

MR. McRUER: It is addressed to Mr. Arnott, Industrial Secretary, Vancouver Board of Trade, dated November 1st, 1934.

"In reply to your letter of October 27th regarding the advisability of setting up more silk machinery in Canada.

Attached is a confidential report I sent on October 19th to the Bank of Montreal at their request. The confidential part of this report I have marked, and my letter to the bank explains why this part is confidential. I do not mind letting you have the part marked confidential for your own personal information, but I would be obliged if you did not reveal these figures even to your Industrial Committee.

In essence, the bonanza days for the Silk Mills in Canada are over because there is no more silk fabric business to be taken away from foreign mills. In order to occupy machinery

SECRET

A. I do.

SECRET

It appears to be a sort of copy that is sent to different members of the executive. This is on the Silk Association paper and it is stated to be

"copy for Mr. Mark."

The original is not being put in the

Mr. Mark: Yes, my friend.

Mr. Mark: Yes, my friend.

Mr. Mark: Yes, my friend.

1934 from Silk Association
of Canada.

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Mr. C. Mark: Letter from Mr. Mark to whom

Mr. Mark: It is addressed to Mr. Mark.

Industrial Association, Vancouver Board of Trade, dated

November 1st, 1934.

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"In reply to your letter of October 27th regarding the advisability of setting up more silk machines in Canada.

Attached is a confidential report I sent on

report from the Bank of Montreal at their

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request. The confidential part of this report

have marked, and my letter to the bank explaining

why this part is confidential. I do not mind

letting you have the part marked confidential

for your own personal information, but I would

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object if you did not reveal these figures over

to your Industrial Committee.

In essence, the business days for the Silk

Wife in Canada are over because there is no

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and will continue to be taken away from

the Silk Association.

"already installed, the silk mills are more and more making artificial silk fabrics, but here they run into the competition of Celanese Ltd. (with approximately 1,000 looms which were installed while the silk mills were busy on silk) and the Cotton Mills who are turning looms on to artificial silk.

If anybody with successful experience in the silk industry and ample capital to put in a modern plant and stand a two or three years fight to get established, wanted to start a mill in Eastern Canada at the present time, I would feel that he was taking greater capital risks than were warranted by the eventual return that could be made.

Such a plant if established in British Columbia, would have the following additional problems to face:

- (1) It would have to be sufficiently large to warrant putting in a dye house, because of the distance from commission dyers, which means a very large production to sell.
- (2) It might have to get along by producing piece dye fabrics without supplementing them with prints, because of the distance from commission printers."

I wondered if you could tell me just what period was covered by the bonanza days for the Silk Mills in Canada?

THE COMMISSIONER: That is not part of the letter?

already installed, the silk mills are more and more making artificial silk fabrics, but here they run into the competition of Celanese Ltd. (with approximately 1,000 looms which were installed while the silk mills were busy on silk) and the Cotton Mills who are turning loose on to artificial silk.

It anybody with successful experience in the silk industry and ample capital to put in a modern plant and stand a two or three years fight to get established, wanted to start a mill in Western Canada at the present time, I would feel that he was taking greater capital than any one with experience in the industry would feel that he could be made.

Such a plant if established in British Columbia, would have the following additional problems to face:

- (1) It would have to be sufficiently large to warrant putting in a dye house, because of the expense of dyeing - (2) It would have to be sufficiently large to warrant putting in a very large production of silk.
- (3) It might have to get along by producing with prints, because of the distance from connection printers."

I wondered if you could tell me just what period was covered in the business days for the Silk Mills in

MR. McRUER: Yes, the letter says "In essence,
the bonanza days"--

THE COMMISSIONER: I was just wondering if
the reporter understood you were putting a question.

5 BY MR. McRUER: Q. My question is, can you tell me,
Mr. Watson, just what period was covered by the
bonanza days in the silk mills in Canada?

A. I may disagree with Mr. Hallam that there ever
were any bonanza days in Canada.

10 Q. You might but probably you won't.

A. Suppose I say I do.

Q. I am not going to suppose anything at all.

I am asking you this, have you any idea what period
in Canada's history Mr. Hallam might refer to as the
15 bonanza days of the silk business? A. I don't
think there ever were any bonanza days. There were
days when a legitimate profit could be made.

20 Q. Mr. Hallam seems to put it a little stronger
than that, and of course it is all a difference of
opinion, probably, what a legitimate profit is?

A. That is right.

25 Q. To Mr. Hallam and me it might look like a
bonanza?

A. I don't know as you can hold
me responsible for what Mr. Hallam says.

30 Q. Oh no, I would not do that, far from it,
Mr. Watson. Was it a fact, however, that between
the period of 1931 and December, 1935 there had been
a tremendous number of looms set up weaving silk
and artificial silk?

A. I don't know
whether -- I don't know enough about statistics of the

affair to put it exactly in that period but it is a fact that there have been a lot of looms set up in Canada for the manufacture of silk and artificial silk over the course of the last ten years.

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Q. I want to hear your views on this, Mr. Watson. I have heard it said repeatedly that when the tariff is too high that it encourages people to start up in the business and creates a very vicious competition within the tariff wall? A. I have heard people argue from that point of view, yes sir.

10

Q. What is your view on it? A. That is one of those eternal questions, sir.

15

Q. I know it is a large question, but I am only asking your view, that is all. You can only be responsible for your own view? A. My view

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broadly speaking has been in the past and I don't think it has changed at the moment, that even if that is so the fact still remains that the merchandise that is made and sold is made in the country and gives employment to the domestic people and if the industry becomes over-produced still the money is being wasted in the country.

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Q. If the industry becomes over-produced and there is difficulty in making a living in the industry then the oppression falls right away on the worker?

A. I would not say right away. Capital, as a rule, loses a certain amount of money before it takes any steps to remedy it.

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Q. The experience we have had here was that as soon as there was a breath, just a slight breath,

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... it is a
fact that there have been a lot of losses set up in
damage for the manufacture of silk and artificial
silk over the course of the last ten years.
... I want to hear your views on this, Mr. Watson.
I have heard it said repeatedly that when the tariff
is too high the it encourages people to start up
in the business and creates a very vicious competition
within the tariff walls?
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argue from that point of view, yes sir.
... What is your view on it? A. That is one
of these eternal questions, sir.
... I know it is a large question, but I am only
asking your view, that is all. You can only be
responsible for your own view.
... Nobody seeking has been in the past and I don't
think it has changed at the moment, that even if
that is so the fact still remains that the merchandise
that is made and sold is made in the country and gives
employment to the domestic people and if the industry
becomes over-produced and if the money is being wasted
in the country.
... If the industry becomes over-produced and
there is difficulty in making a living in the industry
... I would not say right away. Capitalist, as a rule,
loses a certain amount of money before it takes any
... the extension of the tariff will save the country
... the tariff will save the country.

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just a zephyr, of competition loomed across the Pacific and we have a mill closed and that put the workmen out of work, didn't it? A. If that broad statement is true, is that any different from any other country? Are we any different from any other country?

Q. We may not be, but all I am getting at is whether the condition of the workmen is improved in putting up this high tariff if it is going to bring in a vicious competition that is going to drive down the wages so that he has not got a living wage?

A. I would go so far as to say that the position of the worker could be improved under high tariff by legislation.

Q. I would like to hear from you on that. What do you say, having in mind the high tariff, can be done for the worker by legislation and ought to be done? A. Maximum hours and minimum wages.

Q. What do you think about the maximum hours?

A. 48.

Q. 48 hours; you are an Ontario man, you operate on 48 hours in St. Catharines? A. 50.

Q. 50 hours and St. Catharines --

BY THE COMMISSIONER: Q. By the way, has Ontario a statute fixing the working hours? A. Not the hours but the wages for working hours. The Ontario Minimum Wage Law says you have to pay so much for so many hours.

Q. That is for both men and women? A. Just for

that a tariff, of competition, would be

specific and we have a tariff clause and that the

workmen out of work, isn't it?

A. It is that statement is true, is that any different from

any other country? To be any different from

any other country?

A. We may not be, but all I am getting at is

whether the condition of the workmen is improved in

putting up this high tariff it is going to bring in

a vicious competition that is going to drive down the

wages so that he has not got a living wage?

A. I would go so far as to say that the position of

the worker could be improved under high tariff by

legislation.

A. I would like to hear from you on that.

What do you say, having in mind the high tariff, can

be done for the worker by legislation and ought to be

A. Maximum hours and minimum

wages.

A. What do you think about the maximum hours?

A. 48.

A. 48 hours; you are an Ontario man, you operate

on 48 hours in St. Catharines?

A. No.

By the way, has Ontario

a statute fixing the working hours? A. Not the

law, but the law is not binding.

What do you have to say so much for

the law?

A. That is the law and it is

women.

Q. I am asking you is there a statute in Ontario which fixes the working hours, the number of hours per day?

A. Yes, within certain limits. In some towns you can go as high as 60 hours and some 55.

Q. So far as you are concerned is there any law covering you?

A. 55 in St. Catharines is the maximum.

Q. You only work, as a matter of fact, 50?

A. Except in busy periods in the past when we have worked overtime, we have worked 55 for short periods of time.

Q. Alright, Mr. McRuer, unless you are going to leave it. It strikes me that Mr. Watson in the course of his evidence mentioned over-production by the end of last December.

MR. MC RUER: I have some production figures here.

THE COMMISSIONER: I would like to know more about that.

MR. MC RUER: We might as well deal with that now.

Q. Mr. Watson, the Silk Association by its organization, or through its organization, secures monthly reports of the amount of yardage produced, the amount of yardage delivered against orders and the stock on hand?

A. That is right.

Q. And there are the following firms that appear to be reporting. We will get down to this year. the Take/last ~~xxxxx~~ one. Associated, Binz, British --

what is British? A. British American Silk Mills.

Q. Now,

A. I am asking you if there is a statute in Ontario which fixes the working hours, the number of hours per day? A. Yes, within certain limits. In

some towns you can go as high as 60 hours and some 55. Q. So far as you are concerned is there any law covering you? A. 55 in 52. Sometimes is

the maximum.

Q. You only work, as a matter of fact, 50?

A. Except in busy periods in the past when we have

worked overtime, we have never in the past exceeded 50 hours of time.

Q. All right, Mr. Webster, when you are going to

leave it. It strikes me that Mr. Watson in the

course of his evidence mentioned over-production for

the end of last December.

Q. Now, I have been assuming that you

are a Commissioner; I would like to know more about

that.

MR. WEBSTER: We might as well deal with that now.

Q. Mr. Webster, the Silk Association by its

organization, or through its own action, secures

monthly reports of the amount of yards produced,

the amount of yards delivered against orders and

the stock on hand? A. That is right.

Q. And there are the following times that appear

in the report. We will get down to this year.

Q. Now, the report shows that in 1916 the

stock on hand was 100,000 yards.

Q. Now,

Q. Brucks, Canadian T.S.R., Consolidated,
Grouts Valleyfield, Riverside, Roessel, Slingsby.

Where is Grouts, St. Catharines?

A. Grouts

St. Catharines and Grouts Valleyfield are combined.

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Q. They are combined?

A. The figures are

sent from the head office at St. Catharines.

Q. Now, the figure of stock on hand on the 31st --
I haven't got the 31st of December. Wait, I think
I have got it right here.

A. May I add to

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my statement with regard to minimum wages for men and
women?

BY THE COMMISSIONER: Q. What is that?

A. Mr. McRuer asked my opinion as to what should be
done, and I wanted to say minimum wages for men and
women.

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Q. You think there ought to be a minimum wage for
men as well as women?

A. That is right.

BY MR. McRUER: Q. The industry have not come
within the Industrial Standards Act in Ontario yet?

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A. No.

Q. Has there been any movement toward bringing
it within the Industrial Standards Act?

A. None that I know of.

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THE COMMISSIONER: Perhaps you might ask Mr.
Watson what his opinion is about the organization of
labour.

BY MR. McRUER: Q. Yes; what is your view, Mr.
Watson, as to the right of labour to organize into
labour unions and to bargain collectively with you as
an employer on their rates of wages?

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A. My

Q. Now, the figure of stock on hand on the 31st --
I haven't got the 31st of December. Wait, I think
I have got it right now.
A. Yes, I have it.
Q. My statement with regard to minimum wages for men and
women?
A. Mr. McNair asked by question as to what should be
done, and I wanted to say minimum wages for men and
women.
Q. You think there ought to be a minimum wage for
men as well as women?
A. That is right.
Q. The industry have not come
within the Industrial Standards Act in Ontario yet?
A. No.
Q. Has there been any movement toward bringing
it within the Industrial Standards Act?
A. None that I know of.
Q. THE COMMISSIONER: Perhaps you might ask Mr.
McNair what his opinion is about the organization of
labor.
Q. Yes; what is your view, Mr.
McNair, as to the right of labor to organize into
unions and to bargain collectively with employers?

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Watson,

experience in the past has not been very satisfactory.

5 Q. I want to get a definite statement from you if I can as to whether you would recognize a labour union should it be organized in your mills and seek to bargain collectively with you? A. We never have in the past and I would not care to make a statement until we were faced with the possibility.

10 BY THE COMMISSIONER: Q. There is no labour union in St. Catharines? A. No, sir.

15 BY MR. McRUER: Q. I noticed in what we read yesterday from some of the material that was compiled by Mr. Hallam that one of the reasons for low wage rates in Japan was on account of the fact that there were no labour organizations there? A. That was in an article, I think.

Q. Do you think that labour organizations tend to raise the wage rates? A. Do I think labour organizations tend to raise wage rates?

20 Q. Yes. A. I think statistics would probably prove that that is so.

25 Q. Now, I would like to just get your view on this. You gentlemen, the employers, have organized into a Silk Association, and at one stage in this inquiry I hope to read your constitution and what you do, but just now when I am at this point, how do you justify organizing as a body of employers when you would or have in the past denied the right of workmen to organize for their mutual benefit?

30 MR. KEILLOCK: He did not say he had denied that.

MR. McRUER: Well, he will correct me if I have

experience in the past has not been very satisfactory.

Q. I want to get a definite statement from you

if I can see to whether you would recognize a labour

union should it be organized in your mills and seek

to bargain collectively with you? A. We never

have in the past and I would not care to make a

statement until we were faced with the possibility.

BY THE COMMISSIONER: Q. There is no labour union

in St. Catharines? A. No, sir.

BY MR. HORTON: Q. I noticed in what we read

yesterday from some of the material that was compiled

by Mr. Halim that one of the reasons for low wages

rates in Japan was on account of the fact that there

were no labour organizations there? A. That was

in an article, I think.

Q. Do you think that labour organizations tend

to raise the wage rates? A. Do I think labour

organizations tend to raise wage rates?

Q. Yes. A. I think statistics would

probably prove that that is so.

Q. Now, I would like to just get your view on

this. You gentlemen, the employers, have organized

into a silk association, and at one stage in this

history I saw in your organization and what you

do, but just now when I am at this point, how do

you justify representing as a body of employers when

you would or have in the past denied the right of

workers to organize and bargain collectively?

Q. (Sighs) We did not say we had denied that.

Q. Now, will you still continue to do so?

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Watson,

misinterpreted him.

A. I don't know as

I have the right to deny them anything.

Q. You say that in the past you have refused to
deal with them as a body?

A. I said we

never had to deal with them.

Q. Your attitude was you would not deal with them
in the past; that is what you said?

MR. KELLOCK: He said the situation had never
arisen.

MR. McRUER: No, no.

MR. KELLOCK: Well, we can have the answers read.

MR. McRUER: Would you just read that, please.

-- Reporter reads as follows:

Q. I want to get a definite statement from you
if I can as to whether you would recognize a

labour union should it be organized in your mills
and seek to bargain collectively with you?

A. We never have in the past and I would not care
to make a statement until we were faced with the
possibility.

BY THE COMMISSIONER: Q. There is no labour union
in St. Catharines?

A. No, sir.

BY MR. McRUER: Q. I noticed in what we read
yesterday from some of the material what was compil-
ed by Mr. Hellen that one of the reasons for low
wage rates in Japan was on account of the fact
that there were no labour organizations there?

A. That was in an article, I think."

BY THE COMMISSIONER: Q. I think you said that your
experience in the past had not been satisfactory?

...und befehlshäßig

I have the right to deny them anything.

deal with them as a body?

never had to deal with them.

in the past; that is what you want?

Mr. KNEIBLOCK: He said the attraction had never

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И.И. ГОРБАЧ: Но, по.

MR. BULLOCK: Well, we can have the answers too.

-- Reporter reads as follows:

A. Yes, I did, sir.

Q. That would tend to show you had some experience?

A. Not in Canada.

BY MR. McNEIL: Q. Where was your experience?

A. In the United States.

Q. I want to know what your attitude is; I am sure you must have a definite view at the present time?

A. I try not to have definite views on anything that is too controversial until I am faced with it, sir.

Q. I see. You never were in politics, were you?

A. Meaning by that that politicians never have a definite view?

Q. I was suggesting you might make a good one.

Well, I will ask you this question. Is there any reason that occurs to you as to why the labour man should not have the same rights to organize freely as the employer?

A. Don't they have that right under our present constitution?

Q. I am just asking you. A. I believe they have that right.

Q. I am asking you if there is any reason why they should not? A. No, I don't see any reason why they should not. I think they have that right already.

Q. What was the unfortunate experience you referred to in the United States? A. Well, I was manager of a plant and a labour union came along and made demands that I thought were unapproachable from my angle and we agreed to disagree.

Q. Well, what was the nature of the demands,

Q. That would tend to show you had some experience

in that line.

BY MR. WELSON: A. There was your experience.

A. In the United States.

Q. I want to know what your attitude is; I am

sure you must have a definite view at the present time.

A. I try not to have definite views on anything that is

too controversial until I am faced with it, sir.

Q. I see. You never were in politics, were you?

A. Meaning by that that politicians never have a

definite view?

Q. I was suggesting you might make a good one.

Well, I will ask you this question. Is there any

reason that occurs to you as to why the labor man

should not have the same right to organize freely as

the employer?

right under our present constitution?

Q. I am just asking you. A. I believe they

have that right.

Q. I am asking you if there is any reason why

they should not? A. No, I don't see any reason

why they should not. I think they have that right.

Q. What was the representative experience you

referred to in the United States?

member of a plant and a labor union come along and

make demands that I thought were unreasonable from

my angle and we agreed to disagree.

Q. Well, what was the result of that?

wanted more money?

A. I don't remember offhand,

sir.

Q. You agreed to disagree; then, did they have a strike?

A. They did, the first one and only one in my experience.

Q. What was the result of the strike? A. We got back to work eventually at more or less the same rates that we had before.

Q. Was there a betterment of the wage situation?

A. That would be a matter of opinion.

Q. Well, I should think the employer would know fairly well?

A. My opinion was that the situation was more or less the same.

Q. Was there a change? A. How do you mean a change.

Q. I mean a change in the ordinary meaning of the English language; was there a change?

A. There may have been some compromise. I don't remember offhand the details.

Q. Now, to go back to the question of production. I see by the reports that were published by your Silk Association -- by the way, these reports are compiled in this way, you members report your production to Mr. Hallam's office?

A. That is right.

Q. Then Mr. Hallam compiles it and he sends out a report to all the members of the Association?

A. Just those that report.

Q. To the reporting members, yes, the amount of yardage produced for the month, the amount delivered and the stock on hand?

A. That is right.

Q. I don't remember others
Q. You agreed to disagree; then, did they have a
Q. They did, the first one said
Q. What was the result of the strike?
A. We
Q. Did you eventually get more or less the same
Q. Was there a settlement of the wage at that time?
A. That would be a matter of opinion.
Q. Well, I should think the employer would have
A. My opinion was that the
Q. Was there a change?
A. How do you see
Q. I mean a change in the ordinary meaning of the
Q. There
Q. I don't remember others
the details.
Q. Now, to go back to the question of production
I see by the reports that were published by your
Association -- by the way, these reports are compiled
in this way, you describe report your production to Mr.
Q. That is right.
Q. Then Mr. Helman complains it and he sends out
a report to all the members of the Association?
A. Just those that report.
Q. To the reporting members, yes, the amount of
Q. That is right.
Q. That is right.

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Q. What is the object of this? A. What is the object of this? That would depend upon what the gentlemen or group of gentlemen thought it was necessary to do. Personally the figures, without the large producers like the Dominion Textiles and the Canadian Cottons, don't mean very much to me except as an indication of the trend.

Q. Well, that is a little bit evasive if I might suggest so. A. It is not trying to be.

Q. What is the object of having your organization make these reports every month, having Mr. Hallam compile them and having them sent out again to the reporting members? What do you waste the postage stamps on?

A. In the organization there are various ideas that are expounded by individual members. As long as they must do this, if it doesn't hurt what you are trying to do, and you can agree to it and go ahead and do it, --

Q. Well, you are the president of this Association and this has been going on for years and I want you to tell me frankly why you do it because if you don't now I am not going to take the time to-day but I will take it some time to show you why you do it.

A. I would be glad to have you show me why.

Q. Do you say you cannot tell me?

A. I say that some member propounded an idea to collect statistics.

Q. Who was the member that propounded the idea?

A. I don't know offhand.

Q. Then, what is the idea of getting a report of

Q. What is the object of this?

A. What is the object of this? That would depend upon what the object of this is.

Q. Well, tell me a little bit more about it, please, without necessarily to do.

The large programme like the Dominion Textiles and the Canadian Cottons, don't mean very much to me except as an indication of the trend.

Q. Tell me a little bit more about it, please, without necessarily to do.

A. It is not trying to do.

Q. What is the object of having your organization?

A. The object of having your organization is to help people from one end having them sent out again in the reporting members? That is you waste the postage stamps only.

A. Is the organization there to various ideas that are expounded by individual members. As long as they want to this, if it doesn't hurt what you are trying to do, and you can agree to it and go ahead and do it.

Q. Well, you are the president of this association and this has been going on for years and I want you to tell me frankly why you do it because if you don't say I am not going to take the time to-day but I will say it some day in the future, you know.

I would be glad to have you show me why.

Q. No you say you cannot tell me?

I say that some member proposed an idea to

Q. Who was the member that proposed the idea?

I don't know either.

Q. Then, what is the idea of getting a report at

the stock on hand every month? A. Well, if some member propounds it I don't know what his idea is.

Q. You know perfectly well, it is so you can govern your production? A. It may be the idea of some members along that line.

Q. You are one of them? A. I say that without the Dominion Textile and Canadian Cottons, who are large producers of rayon cloth, handing in these figures they don't mean very much.

Q. Didn't you engage an accountant to investigate the mills?

THE COMMISSIONER: What mills?

MR. MORIER: These silk mills, rayon and silk mills.

THE WITNESS: Whose mills?

BY MR. MORIER: A. Your mills and all the other mills in the Association engaged an accountant who went out to investigate and investigated to determine what the industry here could produce?

A. If my recollection is correct the incident you speak about was that we were discussing amongst ourselves the curtailment of production because of over-production some two or three years ago.

Q. And when was it, 1933, was it not, and you got together to decide on ways and means of curtailing production? A. That is right.

Q. That was part of the Silk Association's business? A. Yes, I think you can say that.

Q. And since that date right down to this date you have been getting these monthly reports? A. I am

the stock on hand every month?
A. Well, it runs
member propounds it I don't know what his idea is.
Q. You know perfectly well, it is so you can
govern your production?
A. It may be the idea
of some members along that line.
Q. You are one of them?
A. I say that
without the Dominion Mills and Canadian Cottons,
who are large producers of rayon cloth, landing in
these figures, that's what they want.
Q. Didn't you engage an accountant to investigate
the mills?
THE COMMISSIONER: What mills?
MR. HODGINS: These silk mills, rayon and silk
mills.
THE WITNESS: Some mills?
MR. HODGINS: Your mills and all the other
mills in the association engaged an accountant who
went out to investigate and investigated to determine
what the industry here could produce?
A. If my recollection is correct the incident you
speak about was that we were discussing amongst
ourselves the curtailment of production because of
over-production some two or three years ago.
Q. And when was it, 1938, was it not, and you
got together to decide on ways and means of curtailing
production?
A. That is right.
Q. What was part of the Silk Association's
business?
A. Yes, I think you can say that
and since that date right down to this date
I have been getting these monthly reports? A. I

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not sure whether we got them from that date or not.

Q. Well, you have got them right down to this date, anyway?

A. They were started at some date and they are being carried on.

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BY THE COMMISSIONER: Q. Do I understand that there are certain large companies who do not report?

A. That is right, sir.

Q. The Dominion Textile Company?

A. Yes, sir.

Q. And the other one?

A. Canadian Cottons.

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BY MR. MORNER: Q. Dominion Textile?

A. And Celanese.

Q. And Canadian Cottons and Celanese do not report. The Dominion Textiles and Canadian Cottons

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are able to work in pretty close association; themselves, are they not?

A. I don't know anything about that, sir.

Q. And Celanese, they are lone wolves?

A. To date.

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Q. Up to date, yes; you may be able to do something about that before long? Well, I won't embarrass you on that. The Government may have helped you a little there?

A. Possibly.

Q. And at any rate you report every month?

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A. Yes.

Q. And these reports are taken in order to try to regulate production to prevent the market becoming glutted?

A. That may be some peoples' idea.

Q. And they may serve for that purpose; I am not suggesting but what it is a perfectly legitimate purpose.

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A. Possibly -- maybe we would be better off if we did mor

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not sure whether we got them from that date or not.

Q. Well, you have got them right down to this

date, anyway? A. They were started at some

date and they are being carried on.

BY THE CHAIRMAN: A. Do I understand that there

are certain large companies who do not report?

A. Yes, sir.

Q. The Dominion Textile Company? A. Yes, sir.

Q. And the other one?

BY MR. WATSON: A. Dominion Textile

A. And Celanese.

Q. And Canadian Cottons and Celanese do not

report? The Dominion Textile and Canadian Cottons

are able to work in pretty close association then-

never, are they not? A. I don't know anything

about that, sir.

Q. And Celanese, they are lone wolves?

A. To date.

Q. Up to date, yes; you may be able to do some-

thing more than you have done up to date, I might say.

Q. On that. The Government may have helped you

a little there? A. Possibly.

Q. And at any rate you report every month?

A. Yes.

Q. And these reports are taken in order to try to

regulate production to prevent the market becoming

glutted?

Q. Yes, sir.

Q. And the other one?

Q. And the other one?

Q. And the other one?

of it.

Q. Well, you might be. I think Mr. Gordon thinks you don't do enough. Now, the production on the 31st of December, stock on hand -- that is 1934, 31st December, 1934, the stock on hand was 2,849,442 yards, that is yards, isn't it?

THE COMMISSIONER: Whose stock?

MR. McRUER: This is the total stock on hand for these reporting companies, my lord.

THE COMMISSIONER: The reporting companies only?

MR. McRUER: Yes. To this, of course, would have to be added the stock of the Canadian Cottons, Celanese and Montreal Cottons, and Dominion Textile. On the 31st December, 1935 I see the stock on hand was 3,926,681 yards. That is right, isn't it?

A. Yes.

Q. So that it apparently was up approximately one million, one hundred thousand yards?

A. That is right.

Q. It was an increase of over 33-1/3%, it would be about 35% increase?

A. Roughly.

Q. So that there seems to be no doubt that on the 31st of December of this year the stock on hand in these mills was at a high point for all time?

A. I have already said that in previous evidence.

Q. And not only a high point but a very high point?

A. Well, that depends. I mean, if business is expanding and business is moving in greater volume stocks will increase to take care of that business.

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Wetmore

Q. Well, you might be. I think Mr. Gordon

thinks you don't do enough. Now, the production on
the first of December, stock on hand -- that is 1944.
First December, 1944, the stock on hand was 2,640,445

That is right, isn't it?

THE COMMISSIONER: Whose stock?

MR. WETMORE: This is the total stock on hand for

these reporting companies, my lord.

THE COMMISSIONER: The reporting companies only?

MR. WETMORE: Yes. Of this, of course, would

have to be added the stock of the Canadian Cottons,
Belmonte and Montreal Cottons, and Dominion Textile.

On the first December, 1944 I see the stock on hand

was 2,988,681 yards. That is right, isn't it?

A. Yes.

Q. So that it apparently was up approximately

one million, one hundred thousand yards?

A. That is right.

Q. It was an increase of over 33-1/3%, is would

be about 33% increase?

A. Roughly.

Q. So that there seems to be no doubt that on

the first of December of this year the stock on hand

in these mills was at a high point for all time?

A. I have already said that in previous evidence.

Q. And not only a high point but a very high point

is that right? I mean, it was a

expanding and business is moving in greater volume

stocks will increase to take care of that business.

Q. They had never reached anything like that?

A. Before?

Q. Before.

A. That is quite right, and as I said before allowing importations doesn't help it any.

BY THE COMMISSIONER: Q. Do you think that the exclusion of Japanese importations for that long period had anything to do with piling up this stock?

A. Well, as I have admitted to Mr. McRuer before I have heard it argued that too high protection will cause an increase of productive capacity to the point where it becomes unmanageable. I have heard that question argued by various proponents.

Q. There must have been some incentive to start all this speeding up?

A. Of course, from my own point of view, sir, sometimes I wonder what some people think about when they do start up, but there is no law in the country that says a man shall not risk his money if he wants to.

Q. I just want to know whether the condition of the tariff during this four or five or six months during which you could not, for instance, export any product to Japan and they could not send any rayon here served as an incentive to this over-production?

A. I think that over-production is an accumulation of many years, not within the last six months. I think it is an accumulation of three or four years. These things don't just happen over night because you cannot get mills started over night, the productive capacity started over night.

Q. They had never before exported like that?
A. Well, not in such large quantities.

Q. That is quite right.
A. Well, I don't know whether it is a new thing or not, but it is a new thing for this country to export like that.

BY THE COMMISSIONER: Do you think that the

exclusion of Japanese imports for that long period had anything to do with piling up this stock? A. Well, as I have admitted to Mr. McNair before I have heard it argued that the high protection will cause an increase of productive capacity to the point where it becomes uneconomical. I have heard that question

Q. There must have been some incentive to start

all this piling up? A. Of course, from my own point of view, sir, sometimes I wonder what some people think about when they go start up, but there is no law in the country that says a man shall not risk his money if he wants to.

Q. I just want to know whether the commission on the tariff during this four or five or six months

and when you were in Japan and they could not send any more product to Japan and they could not send any more here covered as an incentive to this over-production?

A. I think that over-production is an accumulation of many years, not within the last six months. I

think it is an accumulation of three or four years. You know that the last year or two or three years ago

there was a great deal of over-production in the United States and that was the cause of the trouble.

6463

Watson,

5 MR. MCURER: I think I will have a complete set of these production reports filed from the beginning of the reports. I have them for one year or about a year and a half here, my lord, but the over-production, or the stock on hand seems to have started to mount just during one particular period? A. Of course, it may be accumulative, sir. What I mean by that is it may be the accumulation of stock, of over-production that had been going on for a couple of years in the 10 unreporting mills and then they suddenly decided to get rid of their stock and that put the pressure on us and that increased our stocks because we were not prepared to meet their price.

15 Q. You see, we can get their production and stock on hand over a period and we don't need to have any ifs about it. A. That is right.

Q. All I am going to deal with is what these reporting mills show and for the month of December 20 it was 2,849,000, that is in the year 1934. For the end of the month of March, 1935 it was 2,594,000 -- A. That is less.

Q. There is a reduction there. A. That is during the busy period.

25 Q. That is a reduction. Then in the month of April it is 2,500,000. Then for the end of May it is 2,900,000. For the end of June 3,145,000, for the end of July 3,196,000, the end of August 3,202,000, the end of September 3,411,000, the end of October 3,521,000, the end of November 3,971,000, a tremendous jump, and the end of December 3,926,000. A. I don't

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Mr. Mendenhall: I think I will have a complete set of these production reports filed from the beginning of the reports. I have them for one year or about a year and a half here, my lord, but the over-production or the stock on hand seems to have started to mount just during the particular period? It may be accumulative, sir. What I mean by that is it may be the annual time of stock, or over-production that has been going on for a couple of years in the manufacturing mills and then they suddenly decided to get rid of their stock and that put the pressure on and that increased our stock because we were not prepared to meet such prices.

Q. You say we can get their production and stock on hand over a period and we don't need to have any of them filed?

A. All I am going to deal with is what these reporting mills show and for the month of December it was \$,885,000, that is in the year 1934. For the end of the month of March, 1935 it was \$,894,000 -- A. That is less.

Q. That is a reduction.

A. That is a reduction. Then in the month of April it is \$,800,000. Then for the end of May it is \$,800,000. For the end of June \$,145,000, for the end of July \$,150,000, the end of August \$,200,000, the end of September \$,411,000, the end of October \$,481,000, the end of November \$,570,000, a tremendous jump, you see, and in December \$,600,000.

see as it proves anything more than that stocks were apparently up.

Q. It shows they were piling up very rapidly in the last six months of 1935?

A. I don't see

as it shows the cause, though.

Q. Oh no, I was just showing the fact, that is all. Well now,--

THE COMMISSIONER: Well, Mr. McRuer, we will come back to-morrow morning.

-- The Commission adjourned at 5 p.m., Wednesday, June 10th, 1936 to resume at 10 a.m. Thursday, June 11th, 1936.

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was as if I had been a young man
again.

It is true that I was not
in the box six years of 1900
as it shows the census.

No. 1 was just showing the first
time.

The census was taken in 1900
and 1910.

The census was taken in 1900
and 1910.

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ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

FORTY - SEVENTH DAY

(June 11th, 1936)

Robert Brydie,
Official Reporter.

0400

THE UNITED STATES OF AMERICA

THE DISTRICT COURT OF THE DISTRICT OF COLUMBIA

IN RE: THE ESTATE OF

JOHN W. BRYDIE - DECEASED

(Name of Decedent)

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

A p p e a r a n c e s :

J.C. McRuer, K.C. and)
E. Beauregard, K.C.) Commission Counsel,

J.P. Lanctot, K.C.) For Special Committee of
and) Primary Textile
R.L. Kellock, K.C.) Industries.

C.G. Heward, K.C.)
Aime Geoffrion, K.C.) For Dominion Textile Co.
and) and Montreal Cottons,
C.T. Ballantyne,) Company Limited.

S.G. Dixon, K.C. For Courtaulds Limited,

L.A. Forsyth, K.C. For Canadian Celanese
Limited, and Canadian Silk
Products Limited.

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MON. JUL 27 1958

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For Special Committee of

U. S. Patent Office

R. L. Nelson, K.C.

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For Dominion Textile Co.

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Montreal, Quebec
June 11, 1936.

-- The Commission resumed at 10 a.m.

5 MR. McRUER: Before we commence this morning,
the other day we filed as Exhibit 412 a copy of the
Organon for May 1935. I find that the copy for April,
1935, was not filed. It is the one that had that
Table in it, the costs of rayon yarn in certain
10 leading countries in the world and also had the ex-
planatory statement appearing at the end which more
or less indicated that the cost could not be taken
too seriously. I think we ought to have both filed.

15 THE COMMISSIONER: In the issue for April
is where you will find that Table that is put in.

 MR. WHITELEY: Exhibit No. 395.

 THE COMMISSIONER: Make it a part of Exhibit
395.

20 MR. McRUER: Make a note in the record that
to Exhibit 395 has been added a copy of the Organon
for the month of April, 1935.

EXHIBIT 395: Copy of the Organon for the
month of April 1935 added to
Exhibit 395.

25 G. BLAIR GORDON, recalled

EXAMINED BY MR. GIFFERSON:

 THE COMMISSIONER: What about Mr. Watson?
Are you through with him?

30 MR. McRUER: No. Last night Mr. Kellock
asked me if it would be convenient for me to adjourn

2401

Medical, Dental
1000 St. Lawrence

-- The Commission received at 10 a.m.

Mr. McArthur: Before we commence this morning
the other day we filed as Exhibit A1A a copy of the
Agreement for May 1955. I find that the copy for April,
1955, was not filed. It is the one that had that
leading countries in the world and also had the ex-
planatory statement appearing at the end which more
or less indicated that the cost could not be taken
too seriously. I think we ought to have both filed.
The Commission: In the issue for April
is where you will find that table that is put in.

Mr. McArthur: Make a note in the record that
to Exhibit 335 has been added a copy of the Agreement
for the month of April, 1955.

EXHIBIT 335: Copy of the Agreement for the
month of April 1955 added to
Exhibit 335.

U. S. A. in G. A. 1955, received

Are you through with him?
Mr. McArthur: No. Just right in, reflect
before me if it could be convenient for me to adjourn

the balance of my cross-examination until tomorrow morning, that Mr. Geoffrion wanted to proceed with some other evidence this morning, and I said I would.

MR. GEOFFRION: Q. Mr. Gordon, you have gathered the various samples and quotations traceable to Japan that you have been able to obtain?

A. Yes.

Q. Now, I would like to take them in their chronological order as far as possible. I show you here original letter of January 4th, 1936, containing quotations by A. B. Fisher & Co. Limited of Japanese goods?

A. Yes, this letter is the same - in fact, identical - as the letters written to other wholesalers and distributors of cotton and rayon goods.

THE COMMISSIONER: Q. Written by whom?

A. A. B. Fisher & Co. of Toronto.

Q. What are they?

A. They are importing agents, manufacturers' agents is the title on their letterhead. This letter is quoting the Japanese rayon - 27" Plain Rayon, 27" Brocaded Rayon and 36" Cotton Crepe. They divide their quotations between February and March deliveries and April and May deliveries. The prices are all quoted F.O.B. Toronto, Duty paid, Sales Tax extra, (if no Wholesale License). That means if they are selling to wholesales who are not licensed they will

the balance of my cross-examination until tomorrow morning, that Mr. [redacted] wanted to proceed with some other evidence this morning, and I said I would.

Mr. [redacted]: Yes, [redacted], you have gathered the various samples and quotations traceable to Japan that you have been able to obtain.

Q. Now, I would like to ask you in relation to the [redacted] order as far as possible. I show you here original letter of January 4th, 1935, containing quotations by A. B. Fisher & Co. Limited of Japanese goods.

A. Yes, this letter is the same - in fact, identical - as the letter written to some wholesalers and distributors of cotton and rayon goods.

Q. The [redacted]: Written by whom?

A. A. B. Fisher & Co. of Toronto.

Q. That are they?

A. They are importing agents, manufacturers' agents in the field on their behalf. This letter is enclosing the Japanese rayon - 37" Flaming Rayon, 37" Broadened rayon and 37" cotton rayon. They divide their [redacted] and April and May deliveries. The prices are all [redacted] (if no wholesale discount). That means if they are selling to wholesalers who are not licensed they will

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5 have to put the Sales Tax on their invoice instead of the wholesaler paying it later on under their own license. The prices are shown - April-May delivery 12-3/4 cents, February and March delivery 13-1/2 cents; February and March delivery brocaded 14-1/2 cents; April and May deliveries brocaded 13-3/4 cents. Thirty-six inch cotton crepe, February-March delivery 11 cents.

10 Q. When was that sent out? A. This was sent out under date of January 4th, 1936. It came into our hands a few days later, the particular man who received this, particular man representing the Company who received this brought it into our office and handed it to our sales department. We 15 asked him if he had samples of the goods quoted here and he said no but that he would get them, which he did subsequently and we have samples.

20 MR. McRUER: Q. When did you get these samples - since you were in the box last time? A. No, the samples came in a few days after we had the letter.

25 Q. Curious you were not able to produce them last day? A. No, I was not under direct examination. You had the letter and you had samples which you put in front of me at the time.

MR. McRUER: Get Mr. Gordon's evidence of last April.

30 MR. GEOFFRION: Q. The first of the samples is the brocaded? A. Yes. On looking at the

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London

have to put the sales tax on their invoice instead
of the wholesaler paying it later on under their
own license. The prices are about - A 11-1/2
delivery 12-1/4 cents, February and March delivery
13-1/8 cents; February and March delivery processed
14-1/8 cents; April and May deliveries processed
15-1/8 cents. March delivery 11 cents.

Q. When was that sent out?
A. This was sent out under date of January 4th, 1936. It
came into our hands a few days later, the particular
the Company who received this brought it into our
office and handed it to our sales department. I
asked him if he had samples of the goods (noted here
and he said no but that he would get them, which he
did subsequently and we have samples.

Mr. McNamee: Q. When did you get these samples -

A. No, since you were in the box last time?

The samples came in a few days after we had the

Q. Questions you were not able to answer them

A. No, I was not there last day?

direct examination. You had the letter and you

had samples which you put in front of me at the time.

Mr. McNamee: Q. Get Mr. Johnson's evidence of what

Mr. O'Brien: A. The first of the samples is

A. Yes. We looking at the the processed?

5 samples, answering Mr. McRuer's question, these samples have been analyzed and invoices marked on them, and it shows they were analyzed on the 12th of January, 1936. The date is marked on the one and on the other it is the same

Q. What is the purpose of the analysis?

10 A. To determine the exact construction of the Japanese goods, the number of ends per inch each way and the weight.

10 EXHIBIT 417: Letter from A. B. Fisher & Co. to L. W. Anderson Co., dated January 4th, 1936, with two samples attached.

15 Q. Do you produce and sell goods with which these goods would come in competition? A. Yes.

Q. Have you established what these costs you?
A. Yes, we have.

20 Q. I give you another statement with samples annexed and please tell us what it is? A. This sheet shows our cost of producing in Canada the 27" brocaded rayon referred to in the previous Exhibit, our own cloth of the same nature.

25 MR. McRUER: Q. Of the same make? A. Of the same nature I said.

THE COMMISSIONER: Q. It shows your cost of production? A. Yes. It shows our sale value including profit to us. It shows sale value without any provision for any dividend and income tax, and, thirdly, shows sale value less all interest, dividends and income tax. We show it

Gordon

day

samples, answering Mr. McNair's question, these samples have been analyzed and invoices marked on them, and it was they were analyzed on the 15th January, 1936. The date is asked on the one and on the other it is the same.

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What is the purpose of the analysis?
 A. To determine the exact constitution of the Japanese goods, the number of ends per inch each way and the weight.

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MAINTAINED BY THE
 & Co. to E. W. Anderson
 1936, with two samples etc.
 taken.

Q. To you produce and sell goods with which these goods would come in competition?
 A. Yes.
 Q. Have you established what these goods cost?
 A. Yes, we have.

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Q. I give you another statement with samples annexed and please tell us what it is.
 A. This sheet shows our cost of producing in Canada the goods produced by you referred to in the previous exhibit, our own cloth of the same in two.

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Mr. McNair: Q. Of the same make?
 A. Of the same make I said.

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THE COMRADE LUMBER: Q. It shows your cost of production?
 A. Yes. It shows our sale value in making profit to us. It shows sale value without any provision for any dividend and income tax, and, finally, shows our value less all interest, dividends and income tax. We show it

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three ways.

Q. You show the cost of production including everything, including your profit? A. Yes.

Q. The same deducting common dividend and income tax and then the same deducting all interest, dividends and income tax? A. Yes.

EXHIBIT 418: Statement of itemized cost of Canadian Rayon Cloths, with two samples attached.

Q. Now, this is the same thing for the plain?

A. Yes. This is our cost of manufacturing in Canada the 27" plain rayon taffeta referred to in the previous exhibit and the sale value and the net cost of production is shown in the same way by the yard and by the pound.

EXHIBIT 419: Itemized cost of Canadian rayon cloths with three samples attached.

Q. Will you please look at this other document you gave me and tell me what this is? A. This is a copy of an actual order placed by Messrs. Brown Silk Co. of Toronto to the A. B. Fisher & Co. Limited, Toronto, dated January 10th, 1936. The order is for 27" plain and brocade rayon, 30 yd. lengths plain at 12 1/4 per yard and the brocade at 13-3/4 cents.

THE COMMISSIONER: Q. Does that mean it is an order for the Japanese goods? A. Yes sir, it is an order - I don't know - the inference is it is for Japanese goods.

Q111

three ways.

Q. You are the cost of production including

Q. The same deducting common dividend and

income tax and then the same deducting all interest

A. Yes. Dividends and income tax.

Q. Statement of itemized cost of production
cost of 250,000 units
clothing, with two samples
attached.

Q. Now, this is the same thing for the plain?

A. Yes. This is our cost of manufacturing in

Canada the 27" plain rayon tights referred to in

the previous exhibit and the sale value and the net

cost of production is shown in the same way by the

yard and by the pound.

Q. Itemized cost of production
rayon cloth with three
samples attached.

Q. Will you please look at this itemized statement

you gave me and tell me what this is? A. This

is a copy of an actual order placed by Messrs.

W. H. & Co. of Toronto to the A. J. L. Co. of

Limited, Toronto, dated January 1st, 1935. The

order is for 250,000 plain and pique rayon, 20 yd.

lengths plain at 12 1/2 yd per yard and the pique at

12-3/4 yards.

Q. The same itemized statement? A. Yes that is an

order for the two same goods? A. Yes sir,

it is an order - I don't know - the difference is

it is for 250,000 yards.

MR. GEOFFRION: Q. What do you mean for "Japanese goods"? A. Fisher was quoting these Japanese goods.

Q. This is from the same Fisher Company a few days after the quotation to Anderson--? A. To explain the point, this was given to us by Brown Silk Company as being an order placed with Fisher for Japanese goods in line with the quotations that Fisher had been making. It proceeds to list the various colors that are to be delivered with the number of pieces and plain and brocade against each colour, ranges from white to black, about a dozen colours, all at the same price.

EXHIBIT 40: Copy of order from Brown Silk Company to A. E. Fisher & Co. dated January 13th, 1936.

Q. Have you a copy of a cable intended to be sent for quotations to Japan?

MR. McRUER: Intended to be sent for quotations.

THE COMMISSIONER: Cable by whom? A. This cable was drafted in our office by the Dominion Textile Company. We sent it to Toronto to the Brown Silk Company, - that is, we sent it up to them and asked them if they would put it up to Mueller, the representative of Mitsisu in Toronto and asked Mueller to cable this over to Japan and get Japanese quotations on the particular goods set forth in this cable which we drafted. It was our own way, a

Q. Now do you mean for

"Japanese goods?" A. Fisher was another

these Japanese goods.

Q. This is from the same Fisher Company a few

days after the creation of Anderson--?

explain the point, this was given to us by known

Silk Company as being an order placed with Fisher

for Japanese goods in line with the quotations that

Fisher had been making. It proceeded to list the

various colors that are to be delivered with the

number of pieces and plain and brocade against each

color, ranging from white to black, about a dozen

colours, all at the same price.

Q. Now, you say that the
Silk Company to A. Fisher
was sent January 1st,

Q. Have you a copy of a cable intended to be

sent for quotations to Japan?

A. No. It was intended to be sent for quote-

tions.

Q. The Commission: Cable by whom? A. This

cable was drafted in our office by the Dominion

Textile Company. We sent it to Toronto to the known

Silk Company, that is, we sent it up to them and

asked them if they would put it up to another, the

Wholesale and Retail Druggists of Toronto and

another to cable this over to Japan and get Japanese

quotations on the quotations given for cable to this

cable which we drafted. It was our own work, a

roundabout way.

Q. When was this?

A. This was on the 30th of January. To the best of our information this cable was sent by Mueller substantially in this form although I have no direct knowledge of that and we received a reply back through the same channel to Mueller and through the Brown Silk Company to ourselves. He did not appear in the picture at all.

Q. What is the date of the reply? A. It was about two weeks later. This particular sheet does not show it - about the middle of February.

Q. That is the reply you have in your hands?

A. It is not an actual cable, it is not the cable form because Mueller would not let that out of his possession. He gave the information to Brown Silk and they sent it to us.

Q. What does your cable say? A. Our first cable said: "Cable, 30th January, 1936."

"Please cable quickly prices on following rayon fabrics Rough Crepe grey width 46 1/2" Warp count 120, weft 52, Warp Yarns 100/40 Dull, weft Yarns 150/60 Bright before twisting, 50-55 turns, 4 Right- 4 Reverse, 4.40 Yards per pound, 1 x 1 Weave. . . ."

Q. You need not read it all? A. It is the details of four quotations in question.

Q. And what is the answer you got? A. The answer as given to us by Brown, it comes back with

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London

Roundabout way.

Q. When was this?

A. This was on the 30th

of January. To the best of our information this

cable was sent by Mueller substantially in this

form although I have no direct knowledge of that

and we received a reply back through the same channel

to Mueller and through the Brown Silk Company to

ourselves. He did not appear in the picture at all.

Q. What is the date of the reply?

A. This particular sheet

was about two weeks later. This particular sheet

does not show it - about the middle of February.

Q. That is the reply you gave to your banker?

A. It is not an actual cable, it is not the cable

form because Mueller would not let that out of his

hands. He kept the information in his own hands

and they sent it to me.

Q. What does your cable say?

A. Our

first cable said: "Cable, 30th January, 1900."

"Please cable quickly prices on follow-

ing terms: 100 tons, 100 tons, 100 tons, 100 tons,

100 tons, 100 tons, 100 tons, 100 tons, 100 tons,

100 tons, 100 tons, 100 tons, 100 tons, 100 tons,

100 tons, 100 tons, 100 tons, 100 tons, 100 tons,

100 tons, 100 tons, 100 tons, 100 tons, 100 tons,

100 tons, 100 tons, 100 tons, 100 tons, 100 tons,

100 tons, 100 tons, 100 tons, 100 tons, 100 tons,

100 tons, 100 tons, 100 tons, 100 tons, 100 tons,

100 tons, 100 tons, 100 tons, 100 tons, 100 tons,

100 tons, 100 tons, 100 tons, 100 tons, 100 tons,

the cloths numbered in the same order and then starts off "Dyed - Cif. Toronto @ \$.13¢ per yard F.O.B.

Japan Y.O.33 per yard," and then the Printed prices and does that through the four cloths. "All the above are for June/July shipment."

"As you well know, the filament of Japanese Rayon yarns are quite different from the Canadian products such as the customer instructed."

Then he goes on to say: "Japanese rayon yarns are as follows: "

MR. McRUER: Q. What is the date of that?

A. That is not dated.

Q. I want to know the date? A. Around

February 14th.

Q. The date of the cable you sent yourself?

A. January 30th. That is when we sent it up to Toronto.

EXHIBIT 421: Copy of cable dated 30th January, 1936, and copy of reply, without date.

MR. GEOFFRION: Q. I hand you this document - will you please tell us what it is intended to show?

A. After receiving the information in that cable in the last Exhibit we worked out from the figures given the laid down value in Toronto with all duties and charges paid.

THE COMMISSIONER: I see you use that term we had the other day of "landed prices".

THE WITNESS: I think we said "laid down" actually here.

the cloth numbered in the same order and then state
off "Byed - Off. Toronto 2.134 per yard 2.0.0.
Japan 1.0.33 per yard," and then the United States
and does that through the four clothes. "All the
above are for Japanese shipment."

"as you well know, the filament of Japanese
Rayon Yarns are quite different from the Canadian
products such as the customer instructed."

Then he goes on to say: "Japanese rayon yarns are
as follows: "

Mr. McArthur: . what is the date of that?
A. That is not dated.

Q. I want to know the date?
February 14th.

Q. The date of the cable you sent yourself?
A. January 30th. That is when we sent it up to

EXHIBIT 231: copy of cable dated 3rd
January, 1935, and copy of
reply, without date.

MR. GORTON: Q. I hand you this document -
will you please tell us what it is intended to show?
A. After receiving the information in that cable
in the last exhibit we worked out from the figures
given the laid down value in Toronto with all duties
and charges paid.

THE COMMISSIONER: I see you use that term
we had the other day of "laid down price".
Q. I think we said "laid down" as-

Q. No, you don't? A. Oh, yes I see
"landed prices" just above.

Q. One means the other? A. Yes, they are
the same thing. It means landed all charges paid
through the customs house, really. It enumerates
the same four styles that was covered by the inter-
change of cables and shows, according to our calcula-
tions, the cost or the price per yard and per pound
that those goods would land at, the figure at which
they would land in the case of both dyed and printed.
Each one of the four quotations is divided into
dyed and printed price because they were quoted
that way.

Q. This is what they would cost the importer?
A. Yes, that is what it would cost the importers
after they cleared them through the customs.

Q. The importer would pay the customs? A. Yes.
That would be the cost to him at his warehouse.

Q. You say that is after customs has been paid?
A. Yes, my Lord, that is landed cost. Anything
that he got above that price, that the importer got
above that, would be presumably profit to him.
He would try and sell those goods at a slightly
higher price than that.

EXHIBIT 422: Statement of Japanese landed
prices in Canada for rayon
with Dominion Textile Co.
corresponding style.

MR. GEOFFRION: Q. Now, here is a bulky bunch
of samples and statements - tell us what you are
supposed to show by that - what it is?

"landed prices" just above.

the same thing. It means landed all charges paid through the customs house, really. It encompasses the same four styles that was covered by the later change of cables and answer, according to our calculations, the cost of the price per yard and per pound that those goods would land at, the difference with they would land in the case of no duty and printed even one of the four goods and is divided into dyed and printed prices because they were quoted that way.

Q. This is what they would cost the importer? A. Yes, that is what it would cost the importer after they cleared them through the customs.

Q. The importer would pay the warehouse? A. Yes. That would be the cost to him at his warehouse.

Q. You say that is after someone has been paid?

A. Yes, my Lord, that is landed cost. Anything that he got above that price, that the importer got above that, would be presumably profit to him. He would buy and sell those goods at a slightly

Q. I am not sure of the name landed prices in Canada for rayon with American textile Co. corresponding style.

M. GLENNON: Now, here is a bulky bunch

of samples and statements - tell us what you are

supposed to show by that - what is it?

5 A. These are our costs of manufacturing the rayon
styles that we cabled over for that information and
which we received and for which we worked out landed
prices. This shows in similar fashion to one of our
earlier exhibits the cost of manufacturing our own
cloths which we asked Japan to quote on. We show as
before the sale value both with and without profit,
interest and income tax and there are the four cloths
10 in question in both the dyed and printed form. I
have extra copies of these if you would like them,
Mr. McRuer.

MR. McRUER: Yes I would.

15 Q. You have not extra copies of the cloths
for me? A. No, they will be filed.

Q. You have not extra samples? A. No.
Each one of those has attached--.

Q. I want copies of the cloths and I would
like to have copies of the cloth.

20 MR. GEOFFRION: Give us the scissors and we will
cut a piece off.

THE COMMISSIONER: Q. These are your own prices?
A. Yes.

25 MR. GEOFFRION: You say these you consider would
be in competition with the Japanese you just men-
tioned? A. These would be directly in com-
petition with the prices that they quoted to us by
cable.

30 Q. The merchandise would be in competition?

These are our costs of manufacturing the rayon
styles that we carried over for that introduction and
which we received an idea which we worked out for
prices. This shows in similar fashion to our
earlier exhibits the cost of manufacturing our own
clothes which we asked you to quote on. We know as
before the sale value both with and without profit.
interest and income tax and there are the four elements
in question in both the typed and printed form.
We have extra copies of these if you would like to see.

10

Mr. Gordon: Yes I would.

Q. You have not extra copies of the printed

for me? A. No, they will be filed.

15

Q. You have not extra copies of the printed

form one of those has attached--

A. I have a copy of the printed form.

Q. I have copies of the cloth.

Mr. Gordon: Give us the evidence and we will

20

out a piece off.

THE COMMISSIONER: Q. These are your own prices?

A. Yes.

Mr. Gordon: You say these you consider would

25

be in competition with the business you just men-

tioned? A. There would be directly in com-

petition with the business that you have just men-

tioned.

Q. The Commissioner would like to see the

A. The merchandise when they produced and shipped it would be.

EXHIBIT 423: A bunch of rayon cloths with itemized costs of Canadian rayon attached to each sample.

5 THE COMMISSIONER: Q. Have you worked out a comparison with the prices or, generally, what does it show? A. It shows by comparing previous exhibit with this - we have not set it forth in detail.

10 Q. What does it show according to you? A. It shows that on those four lines our cost of producing in Canada is anywhere from about thirty cents to fifty cents a pound higher.

15 Q. And you include in that cost your interest on investment and taxes, etc.? A. Well, that would only make a difference at the most of ten cents a pound, in the very extreme. I would have to work them out.

20 MR. GEOFFRION: They are worked out here.

THE WITNESS: An example, our cloths 882, the full sale value is \$1.72 a pound. The sale value, less all interest, dividends and income tax is \$1.66-1/8, a difference there of 6 cents a pound taking out even our bond interest and income tax and dividend.

25 MR. GEOFFRION: We might put after that, if it is convenient to your Lordship, a comparison, We will prepare that.

30 THE COMMISSIONER: I will give you a number for that right away. It will be Exhibit 424.

EXHIBIT 424: Comparative Table of two
previous exhibits.

MR. GEOFFRION: Q. Then what? A. This is

invoiced dated March 3rd, 1936, from A. A. Fisher
& Co. to Messrs. Brown Silk Co, covering 27" bro-
caded rayons and 27" plain rayon. It is an order
form, it is not an invoice.

MR. McRUER: Q. You do not know whether ever
filled or not? A. My understanding, the
Brown Silk told us in giving this order form, these
goods were delivered immediately to them from the
stock of Fisher & Co. in Toronto.

THE COMMISSIONER: Q. Order given by whom?-
By Brown to Fisher? A. Yes.

Q. And executed? A. Yes sir. According
to Brown executed from Fisher's stock in Toronto.
The prices are slightly higher than the prices in the
previous orders and Brown explained that by saying
that Fisher was delivering these out of stock. The
date of the order is March 3rd.

MR. McRUER: Q. What date is the invoice? A. I
have not got the date.

Q. Do not know the date it was sent to be filled?
A. No, I understand it was filled immediately from
stock.

Q. Is that the same stuff as we have filed before?
A. Yes, that is those two lines.

Q. That is funny looking stuff, all full of--?
A. That is 27" plain and brocaded yarn.

[illegible]

From this it can be seen that the

QUESTION: What date is the photo? A. I

3. We not know the date it was sent to be killed.

• X: 6522

EXHIBIT 425: Order from Brown Silk Co.
to A. B. Fisher & Co.

5 THE WITNESS: I mentioned, my Lord, when I was
being examined by Mr. McKuer that we had taken steps
to ascertain what Japanese cloths were selling at
in the New York market and this exhibit shows the
prices quoted C.I.F. New York, ex duty by Kitagawa
& Co. Ltd., Osaka, Japan, to Fred Butterfield Company
New York. There are six cloths covered by this
10 quotation and the prices are set forth here by the
yard C.I.F. New York without any duty included.
That just means the freight is paid to New York and
landing charges have to be put on.

15 Q. The purchaser would have to pay the duty?
A. Yes, the purchaser would have to pay the duty in
addition to these prices.

EXHIBIT 426: Copy of quotations by cable
from Kitagawa & Co. Ltd.,
dated 5th February, 1936,
to Fred Butterfield Company.

20 THE WITNESS: After receiving those quotations
we had the particulars of the cloths quoted on .
We also had the samples actually of those cloths,
which was furnished us from New York, which I have
25 here.

THE COMMISSIONER: It will be exhibit 427.

Q. Our costs being Dominion Textile costs?
A. Yes. I should explain what we did. We took
those samples and analyzed them and then estimated
30 the cost of reproducing them in our own mills and
this slip attached to the envelope of this Exhibit

shows a comparison between our cost and the Japanese cost of the same fabric of those goods, identical.

In two cases out of the six the Japanese landed cost is higher than our own. The other four cases we are higher than the Japanese.

MR. McRUER: Where are the samples that you analyzed? A. Right here.

Q. The Japanese samples? A. Yes sir.

Statement of comparative cost--

Q. Where did these come from? A. They come from Butterfield in New York.

Q. When? A. Early in February, about the 5th.

Q. Have you seen any selling in Canada since?
A. We will come to that in a minute.

MR. GEOFFRION: They won't sell them as long as you are going on with this.

THE COMMISSIONER: Won't sell them as long as we are sitting, is that it?

MR. GEOFFRION: They would be foolish to do so. They do not want to supply evidence. They know what is happening.

EXHIBIT 427: Samples of cloth from Butterfield Company, with analysis attached to the envelope of costs.

MR. GEOFFRION: . What is that? A. This next Exhibit is sample of Japanese satin rayon which was sold by A. E. Fisher to the Comfort Kimono Co. of Montreal at 21 1/2¢ a yard laid down in Montreal.

shows a comparison between our cost and the
cost of the same fabric of those made, incidentally.
In two cases out of the six the Japanese landed cost
is higher than our own. The other four cases we
are higher than the Japanese.

5

Mr. McLaughlin: Where are the samples that you
analyzed?
A. Right here.

Q. The Japanese samples?
Statement of comparative cost-
A. Where did these come from?
A. They came
from Antwerp in New York.

10

Q. When?
A. Early in February, about the
15th.

15

Q. Have you seen any selling in Canada since?
A. We will come to that in a minute.
Q. Mr. McLaughlin: They want sell them as long as
you are going on with this.

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Q. The Commission: Don't sell them as long as we
are sitting, is that it?
A. Yes, sir: They would be foolish to do so.
They do not want to supply evidence. They fear that
it is prejudicial.

25

Q. Mr. McLaughlin: What is that?
A. This
next Exhibit is sample of Japanese satin rayon which
was sold by A. B. Fisher to the Comfort Kimono Co.
at a price of \$1.00 a yard less than in Montreal.

30

We show the sample of the cloth together with an analysis of the cloth and the Montreal Cotton Ltd. cost per yard per pound compared with the Japanese.

MR. McRUER: Q. Have we sample of the Montreal Cottons cloth? A. No, Montreal Cottons cloth costs.

Q. No, of the cloth that they say that this competes with? A. No, the cloth that this competes with is a cloth that they will make to match it exactly. We have many satins, some of which we will show you, but this was figured out to get the exact comparison.

EXHIBIT 428: Japanese samples and comparative cost.

THE WITNESS: This shows that the Japanese cloth per pound is \$1.1374 against our cost per pound of \$1.3754. Those are goods actually sold and shipped. Those people are cutters up in Montreal.

This next exhibit is first of a group of samples which were in the hands of a Japanese agent in Canada and they fell into our hands.

THE COMMISSIONER: Just fell?

THE WITNESS: Just fell, my Lord.

Q. Who are the Japanese agents? A. The firm of McCutcheon, Edney & Company and the agent in Montreal is Muller.

MR. McRUER: Q. No, who did these fall from? A. They fell from Mr. McCutcheon.

We show the sample of the cloth together with an
analysis of the cloth and the Montreal 100 ton lot.
cost per yard per pound compared with the
A. No. 10, Montreal 100 ton lot

bottoms cloth?
cloth costs.
A. No. 10, of the cloth that they say that this
A. No. 10, the cloth that this
compares with is a cloth that they will make to
match it exactly. We have many others, some of
which we will show you, but this was figured out to
get the exact comparison.

EXHIBIT 400: Japanese samples and
THE WITNESS: This shows that the Japanese cloth
per pound is \$1.1374 against our cost per pound
of \$1.3754. These are goods actually sold and
shipped. These people are cutting up in Montreal.
This next exhibit is first of a group of
samples which were in the hands of a Japanese agent
in Canada and they fell into our hands.

THE COMMISSIONER: Just fell?
THE WITNESS: Just fell, my lord.
A. The
A. They fell from Mr. McCutcheon.

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Q. Where does he live? A. I cannot tell you his address. I think his office is up in the Mayer Building.

5 Q. Give me his initials? A. Yes, I can. The firm name is McButcheon,dney & Co. He apparently was going to be or was in the process of becoming a Japanese agent.

THE COMMISSIONER: Q. What is the firm now?
A. He had some difference--

10 Q. What is their business? A. The firm?

Q. Yes? A. Manufacturing agents. He represented other houses as well, English firms.

MR. McRUER: Q. What other houses? A. I
15 cannot tell you, English firms I understand.

Q. And he gave you these? A. Yes sir.

Q. What Japanese house did he represent?

A. Mitsisu.

20 Q. He was going to represent Mitsisu? A. He apparently thought he was going to represent them in the same manner Mueller was representing them in Toronto and these are all addressed to the same people on the same letterhead.

25 EXHIBIT 429: Group of samples from
Japanese agnts in Canada.

THE WITNESS: There is a group here of Japanese cloths, all of which are competitive with our own style, R.A.7, and we show here our own cost of manufacturing our own R.A.7.

30 THE COMMISSIONER: Q. Are you talking now of

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Gordon

Q. Where does he live?
A. I cannot tell
your his address. I think his office is up in the
upper building.
Q. Give me his initials?
A. Yes, I can.
The firm name is Macintosh, MacKay & Co. He
apparently was going to be or was in the process of
starting up a new firm.
THE QUESTION: Q. What is the firm now?
A. He had some difference--
Q. What is their business?
A. The firm?
Q. Yes?
A. Manufacturing agents. He
represented other houses as well, British firms.
Q. What other houses?
A. I
cannot tell you, English firms I understand.
Q. And he gave you these?
A. Yes sir.
Q. What Japanese house did he represent?
A. Mitsui.
Q. He was going to represent Mitsui?
A. He
apparently thought he was going to represent them
in the new market. He was not really going to
Toronto and these are all addressed to the same
office at the same address.
Q. One of samples from
Japanese up to in Canada.
Q. There is a group here of Japanese
clothes, all of which are competitive with our own
style, R.A.V., and we have here our own sort of
representing our own R.A.V.
THE QUESTION: Q. Are you willing now or

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the same Exhibit? A. Yes, this is all the same exhibit. We show our own cost of manufacturing R.A.7 in white, light and dark shades printed. We show it three ways - sale value, sale value less common dividends and income tax, sale value less all interest, dividends and income tax. In the case of each one of those Japanese samples we have worked out from the prices quoted on these exhibits, such as that--

MR. McRUER: Q. Have you R.A.7 here? A. Yes, right here printed and plain shades. There are about six here. You may think some of them are better matched.

Q. You are stating - they are all in competition? A. Yes, they are all in competition with our own R.A.7. From the point of view of value this shows that our own printed rayon 7, R.A.7, costs \$2.0123 a pound. The Japanese lands at 1.44½. Dark shades, ours 1.60, the Japanese 1.47. Our white, 1.51, Japanese 1.33.

MR. GLOFFAION: Q. This is another McCutcheon? A. Yes.

Q. You do not know of any deliveries having been made or any actual orders having been placed? A. No, I do not think McCutcheon got to the point of taking orders.

Q. You do not know of any other body that they undertook to deliver at these prices? A. Muller may have.

Q. You don't know? A. No. He had the same samples but I don't know.

Then the next exhibit comes from the same source and it is Japanese rayon cloths which are competitive with our style R.A.2.

THE COMMISSIONER: Q. Comes from the same source - that is, McCutcheon, Edney & Co.? A. Yes.

In this case it shows that the invoice or pro forma invoice, these are all drawn up in the form of pro forma invoices to identify samples by Mitsui Bussan Kaisha Ltd.

MR. McRUER: Q. That is not invoiced? A. No, they term those the price list of samples without engagement. It is dated Yokohama, January 28th. These various samples forming these exhibits carry dates from December up to March, December 1935 to March 1936.

(Page 6485 follows)

A. No, no, not the

.. You don't know?

same samples for a don't know.

Then the next exhibit comes from the same

source and it is Japanese rayon cloth which are com-

petitive with our style R.A.E.

THE COMPLAINANT: E. Comes from the same source -

that is, as mentioned, maybe a Co.?

A. Yes.

In this case it is that the invoice or pro forms

invoice, these are all drawn up in the form of pro

forms invoices to identify samples by Mitsui Bussan

Kaisha Ltd.

MR. MURPHY: That is not invoice?

A. No, they term those the price list of samples

without explanation. It is dated Yokohama, January

28th. These various samples forming these exhibits

carry dates from December up to March, December 1955

to March 1956.

(Page 6485 follows)

Our own style, R.A. 2, against which those samples are put, has already been filed as an exhibit, together with our own costs. Our cost, already filed, shows that our dark shades cost 1.72 $\frac{3}{4}$, and the Japanese - there are two cloths here - one lands at 1.40 and the other at 1.03 $\frac{1}{2}$. I cannot explain the great difference in the Japanese prices, but that is what they land at.

BY MR. McRUER: Which two has the big difference in price? You said you cannot explain the great difference? A. There are two Japanese samples, Mr. McRuer; there are two different samples, both in competition with our R.A. 2.

BY THE COMMISSIONER: Q. Why the big difference between the two? A. Between two Japanese, my lord, one landing at a little over a dollar and the other at 1.40.

BY MR. GEOFFRION: Q. And this Exhibit, Mr. Gordon, is what?

THE COMMISSIONER: That exhibit had better be marked. It will be Exhibit 430.

EXHIBIT 430: Samples of Taffeta,

BY MR. GEOFFRION: Q. What does the next exhibit show, Mr. Gordon? A. The next exhibit shows Japanese samples from the same source, which compete with our R.A.3. These are identified in the same way as the previous ones, by the original price list of samples attached in each case, with reference numbers identifying them with the samples which are also

our own style, R.A. 1, against which those samples
are put, has already been filed as an exhibit, together
with our coats. Our coat, already filed, shows
that our dark shades cost 1.75¢, and the Japanese -
there are two others here - one lands at 1.40 and the
other at 1.00. I cannot explain the great difference
in the Japanese prices, but that is what they land at.
BY MR. McNEIL: Which two has the big difference
in price? You said you cannot explain the great
difference? A. There are two Japanese samples,
Mr. McNeil; there are two different samples, both
in competition with our R.A. 1.
BY THE COURT: Why the big difference
between the two? A. Between two Japanese, my
lord, one landing at a little over a dollar and the
other at 1.40.
BY MR. GEORGE: And this exhibit, Mr. Gordon,
is what?
THE COURT: That exhibit had better be
marked. It will be Exhibit 43.
EXHIBIT 43: Samples of Textiles
BY MR. GEORGE: What does the next exhibit
show, Mr. Gordon? A. The next exhibit shows Japanese
samples from the same source, which compete with our
R.A. 1. These are identified in the same way as
the previous ones, by the original price list of
samples attached in each case, with reference numbers
identifying them with the samples which are also

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numbered. We have worked out the landed costs on these against our own cloth. Our cost of R.A.3 is already on the record in a previous exhibit.

Our cost on the R.A. 3, in a plain shade, is 1.50 against the Japanese, one costing 1.14, the other costing 1.35. That is in the plain shades, and printed, our R.A. 3 cost 1.87 and the Japanese 1.41.

THE COMMISSIONER: That will be Exhibit 431.

EXHIBIT #431: Samples of crepe, with costs.

BY MR. GEOFFRION: Q. Then here is another, Mr.

Gordon? A. This next exhibit, from the same source, shows Japanese cloths which compete with our R.A. 9. The samples are in light shades, in a light and dark shade. In the light shade our R.A. light cloth is 1.41½, and the Japanese light shade is 1.36½.

BY THE COMMISSIONER: Q. You say yours is 1.40?

A. 1.41½, and the Japanese 1.36½. In the dark shade, our cost is 1.45, and the Japanese is 1.29.

THE COMMISSIONER: That will be Exhibit 432.

EXHIBIT 432: Samples of flat crepe, with costs.

BY MR. GEOFFRION: Q. Here is another envelope, Mr. Gordon, what does this contain? A. The next exhibit is a cloth from the same source. It is a Japanese sateen No. 30931. That is the sample number. It competes with Montreal Cottons Limited, Style Vz.86, rayon sateen.

BY MR. McRUER: Q. Of the Montreal Cottons?

A. Of the Montreal Cottons, yes, VZ.86. The sample

Gordon

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numbered. We have worked out the landed costs on

these and the cost of the goods.

It appears that the goods are a very low quality.

Our cost on the R.A. 3, in a plain shade, is 1.30

against the Japanese, one costing 1.14, the other

costing 1.38. That is in the plain shades, and this

our R.A. 3 cost 1.37 and the Japanese 1.41.

THE COMMISSIONER: That will be Exhibit 431.

EXHIBIT 431: Samples of crepe, with costs.

BY MR. GORDON: Yes. Then here is another, Mr.

Gordon? A. This next exhibit, from the same

source, shows crepe with a different shade.

R.A. 3. The samples are in light shades, in a light

and dark shade. In the light shade our R.A. light

cloth is 1.41, and the Japanese light shade is 1.36.

In the dark shade, our cost is 1.37

A. 1.41, and the Japanese 1.36. In the dark shade,

our cost is 1.40, and the Japanese is 1.32.

THE COMMISSIONER: That will be Exhibit 432.

EXHIBIT 432: Samples of light crepe, with costs.

BY MR. GORDON: Yes. Here is another envelope,

Mr. Gordon, what does this contain? A. The next

exhibit is a cloth from the same source. It is a

Japanese sateen No. 30321. That is the sample number.

It compares very well with the Japanese sateen.

Very much.

It is the same as the one we saw in the

sample book.

is here together with the cost.

THE COMMISSIONER: That will be Exhibit 433.

EXHIBIT 433: Samples of rayon sateen, with costs.

BY MR. GEOFFRION: Q. And what does that show?

5 A. The comparative cost of the two samples that Mr. McRuer has just thrown up on the desk there, our cost, in the white, is 1.2884 per pound; the Japanese lands at 1.1865.

10 BY MR. McRUER: Q. 1.1865? A. \$1.18-5/8¢.

MR. GEOFFRION: The next exhibit will be 434.

EXHIBIT 434: Samples rayon check lining, with cost.

15 BY MR. GEOFFRION: Q. What does that show, Mr. Gordon? A. Another Japanese set of samples from the same source, showing a woven check rayon such as Montreal Cottons make. The Montreal Cottons' sample is here, if you want to compare them, Mr. McRuer?

MR. McRUER: Yes, I like comparing them.

20 BY THE COMMISSIONER: Q. The same source again?

A. Yes, sir, the same source again.

Q. That is Exhibit 434? A. Yes, my lord.

25 BY MR. McRUER: Q. It does not give you how you arrive at the Japanese landed cost? A. Yes, I am sorry if I did not give you that. They are identified by the numbers at the top in each case.

30 Q. Which Exhibit is this larger one? A. They are the same exhibit; they are all the same exhibit, Mr. McRuer.

Q. What is the Exhibit Number?

is here together with the cost.

BY MR. GORDON: ... what does that show?

A. The comparative cost of the two samples that Mr. ... has just thrown up on the desk there, our cost, in the white, is 1.2884 per pound; the Japanese lands at 1.1885.

MR. GORDON: The next exhibit will be 4.

BY MR. GORDON: ... what does that show, Mr.

A. Another Japanese set of samples from ... the same source, showing a woven check rayon such as Montreal Gordons make. The Montreal Gordons' sample is here, if you want to compare them, Mr. ... Yes, I like comparing them.

BY THE COMMISSIONER: Q. The same source again?

A. Yes, sir, the same source again.

Q. That is Exhibit 424?

BY MR. GORDON: ... it does not give you how you

arrive at the Japanese landed cost? A. Yes, I

am sorry if I did not give you that. They are

identified by the numbers at the top in each case.

Q. Which exhibit is this larger one? A. They

are the same exhibit; they are all the same exhibit.

THE COMMISSIONER: Exhibit No. 434.

A. This is the envelope. It is No. 1905, Montreal Cottons. The Montreal Cottons Cost of manufacturing--

5 BY THE COMMISSIONER: Q. Does this deal with the same exhibit? A. Yes, I am just identifying the placard on the outside. The Montreal Cottons cost per pound is 2.5760; the Japanese cost, the first sample is 1.28, and the other sample 1.56. Those are identified in full by the papers attached to each sample.

10 BY MR. GEOFFRION: Q. Now, these are all the samples you wanted to produce this morning? A. Yes.

15 Q. Now, to revert to an ancient subject. Will you please give us, in your own words, the reasons why you suspended operations at Sherbrooke, last winter. I am not sure whether you had a full opportunity before.

20 THE COMMISSIONER: We have had some place earlier,-- Mr. Gordon's letter to Mr. McKinnon, Department of Finance.

THE WITNESS: Yes, those letters were referred to when I was under examination before.

25 THE COMMISSIONER: All right, go on.

THE WITNESS: At that particular time, when I issued the order, or gave instructions to issue an order, I wanted - before we produced any more goods at Sherbrooke - to know, as well as I could, whether the prospects of our business were going to improve,

THE COMMISSIONER: I have no doubt that

it is No. 1933, Montreal

bottom. The Montreal Cottons cost of manufacturing

BY THE COMMISSIONER: I do not deal with the

same exhibit? A. Yes, I am just identifying the

placed on the outside. The Montreal Cottons cost for

pound is 2.5850; the Japanese cost, the first sample

is 1.88, and the other sample 1.68. These are

identified in full by the papers attached to each

sample.

BY MR. GORDON: Now, these are all the samples

you wanted to produce this morning? A. Yes.

A. Now, to revert to an ancient subject. Will

you please give us, in your own words, the reasons

why you suspended operations at Sherbrooke, last winter.

I am not sure whether you had a full opportunity

to do so.

THE COMMISSIONER: We have had some time earlier,

Mr. Gordon's letter to Mr. McMillan, Department of

THE WITNESS: Yes, those letters were referred

to when I was under examination before.

THE COMMISSIONER: All right, go on.

THE WITNESS: At that particular time, when I

issued the order, or gave instructions to issue an

order, I issued - before we produced any more goods

of the same kind - I issued an order to the

the production of the goods was not in the way.

or get worse. I did not want to--

MR. McRUER: Just a moment, please.

THE WITNESS: I did not want to make up my mind at that particular time, that the future was hopeless for us, and that, therefore, I should give instructions to start running out the work in process in the mill. The idea of stopping production was simply to hold the mill in readiness to either continue production at the same rate or a lesser rate, if that is what the future held for us--

BY THE COMMISSIONER: Q. What do you mean by that, "continue production at the same rate or a lesser rate?"

A. I mean, on the same scale of production, the same volume, or whether we would be forced eventually to make up our minds to run out the warps of stock in process. I, therefore, called a halt to production at that time, which lasted, as it so happened, about a week and four days. The King's funeral came in which made it a little longer than ~~xx~~ it otherwise would have been, probably, because when I returned from New York just a week after orders had been issued to shut down, I gave orders that day, later on that day, that production would be resumed the following week.

MR. McRUER: Excuse me, a minute. Mr. Brydie, will you read, please, what the witness said commencing with, "The idea of stopping production--"

THE REPORTER: "The idea of stopping production

or get worse. I did not want to--

MR. BRVON: That is a moment, please.

THE WITNESS: I did not want to come to my mind

at that particular time, that the future was before
for us, and that, therefore, I should give testimony
to start running out the work in process in the mill.

The idea of stopping production was simply to hold
the mill in readiness to either continue production
at the same rate or a lesser rate, if that is what the
future held for us--

BY MR. COUNSELLOR: What do you mean by that,

"continue production at the same rate or a lesser rate"
A. I mean, on the same scale of production, the same

volume, or whether we would be forced eventually to
make up our minds to run out the works of stock in
process. I, therefore, called a halt to production
at that time, which lasted, as it so happened, about
a week and four days. The King's funeral came in
which made it a little longer than it otherwise
would have been, probably, because when I returned
from New York just a week after orders had been

issued to shut down, I gave orders that day, later
on that day, that production would be resumed the

following day.

THE WITNESS: That is all, I think, I think.

ALL THE COURT: That is all, thank you, thank you.

THE COURT: The law of evidence requires that

the witness be sworn to tell the truth, so help him God.

"was simply to hold the mill in readiness to either
"continue production at the same or a lesser rate,
"if that is what the future held for us--

"BY THE COMMISSIONER: What do you mean by that

5

"Continue production at the same rate or a lesser
"rate?" A. I mean, on the same scale of production,
"the same volume, or whether we would be forced eventually
"to make up our minds to run out the warps of stock in
"process."

10

THE CHIEF: I was just going to point out, sir,
that at that time, we had had no indication that this
Commission would be appointed.

15

BY THE COMMISSIONER: Q. At what time, at the time
you re-opened? A. At the time I gave the orders
to re-open. In the meantime, in the interval between
the day that I gave the order to re-open and the actual
reopening of the mill, which was the day after the
King's funeral, this Commission had been appointed,
and the natural conclusion in all the papers across
Canada was that we had been intimidated into reopening
by the appointment of the Commission, which was quite
untrue. But, nevertheless, that was the import.

25

Q. I do not quite understand there what the King's
funeral had to do with the re-opening. Did you close
all the other mills? A. Yes, my lord, they were
all closed for the King's funeral. That was a Tuesday,
if you remember; I gave the orders to reopen on Thursday,
the 23rd, when I got back from New York. That was

30

"was simply to hold the mill in readiness to start

"continue production at the same or a lesser rate,

"if it is what the future held for us--

"BY THE COMMITTEE: What do you mean by that

"Continue production at the same rate or a lesser

"rate? A. I mean, on the same scale of production,

"the same volume, or whether we would be forced eventually

"to make up our minds to run out the works of stock in

"process."

THE I THINK: I was just going to point out, sir,

that at that time, we had had no indication that this

order would be required.

BY THE COMMITTEE: O. at that time, at the time

you re-opened? A. At the time I gave the orders

to re-open. In the meantime, in the interval between

me say that I gave the order to re-open and the actual

reopening of the mill, which was the day after the

order's receipt, this Committee had been notified,

and the actual reopening is all the more

amazing that we had been intimidated into reopening

by the Committee at the Committee, which was

entire. But, nevertheless, that was the import.

Q. I do not quite understand where what the King's

order had to do with the re-opening. Did you close

the mill at all? A. Yes, sir, I did, but

it was not the King's order. This was a

different order, I gave that order to reopen the mill,

and the King's order was that. That was

the date when I issued the instructions.

5 Q. Was that to Mr. Kershaw? A. To Mr. Kershaw,
and I discussed with Mr. Kershaw whether we would open
on Monday, close again on Tuesday for the funeral and
then open again on Wednesday, and we decided rather than
run one day in between that we would open the following
Wednesday; and this Commission was appointed, I think,
on Monday night of that week by Order-in-Council.

10 BY MR. GEOFFRION: Q. Well, was this a definite or
a temporary closing? A. It was a temporary stoppage
of production; it might have led to a temporary closing,
if we had resumed production with the sole idea of
running out our warps.

15 Q. The employees, of course, would know that the
warps were not run out, of course? A. Yes, the
employees would know that the warps were not run out.
They would know that the mill would re-open at some
20 time, at some indefinite time in the future if only
for the purpose of running out the stock in process;
but whether we would continue at full time, or half-
time, or that third alternative, they, of course, did
not know. Neither did we at that time.

25 Q. You told us you resumed on a reduced scale?
A. Yes.

Q. Have you prepared a statement to show how
your operations are going on the orders now?

30 THE COMMISSIONER: To show what?

MR. GEOFFRION: Your operations and your orders

the time when I issued the instructions.

A. Was that to Mr. Kernshaw?

and I discussed with Mr. Kernshaw whether we would open

on Monday, close again on Tuesday for the funeral and

then open again on Wednesday, and we decided rather than

run one day in between that we would open the following

Monday, and then close again on Tuesday for the funeral and

then open again on Wednesday.

BY MR. GORTON: Well, was this a definite or

a temporary closing? A. It was a temporary stoppage

of production; it might have led to a temporary closing.

if we had resumed production with the sale idea of

resuming the work.

A. The employees, of course, would know that the

works were not run out, of course? A. Yes, the

employees would know that the works were not run out.

They would know that the mill would re-open at some

time, at some indefinite time in the future if only

for the purpose of running out the stock in process;

but whether we would continue at full time, or half-

time, we did not know.

not know. Whether did so at that time.

A. You told us you resumed on a reduced scale?

A. Yes.

A. Was the purpose to resume at that time?

The purpose was to resume at that time.

The purpose was to resume at that time.

The purpose was to resume at that time.

up to the present date.

THE WITNESS: Those could all go in, I think, as one exhibit.

5 Q. Tell what it is, first. A. This first set of papers shows our sales of rayon as produced at the Magog Print Works. And by sales I mean orders taken, - it starts with September 28, 1935, and shows the orders taken for the week ending September 28, 1935, compared with the corresponding week of 10 1934, and it continues to show that week by week right up to June 6th, 1936. Of course, when we get into 1936 we compare it with the corresponding week of 1935.

15 The other set of papers show the orders on hand as distinguished from the orders taken; the orders on hand at the last day of the week from September, 1934 up to the 29th of June, 1935, and from the 7th of September, 1935, up to the 6th of June, 1936.

20 Those, of course, are the corresponding periods in each year.

BY THE COMMISSIONER: Q. Those are tables showing orders taken and orders on hand? A. Yes. I would 25 like to, if I may, draw certain---

THE COMMISSIONER: We will give them a number first. They will go in as one exhibit, No. 435.

30 EXHIBIT 435: Rayon orders on hand at Magog Print Works, week ending March 28th, 1936, to date, and Rayon print sales, etc.

[illegible]

THE LINDS: These could all go in, I think, as

Findings are

.. Let's see if we can find it .. This is it ..

ni esse vero.

MR. McRUER: Have you got copies of them?

A. I have had copies prepared up to a certain date.

A study of the figures from week to week, and in total

shows that in the last three months of 1935 the trade

placed bulk orders, - perhaps I will explain this

first, to keep the thing in proper sequence: Our

orders consists of two types, what we call new

specified orders, which are for goods of a definite

pattern, quality and construction, usually to be

delivered at a definite time; then we also have bulk

orders, that is the quantity of grey goods that will

be required, or quantity of goods to be shipped,

but the date of delivery, the exact quantity, etc.,

is not specified, at the time. Those go into bulk

orders. Then the customer as he becomes in a position

to take delivery of these goods lets us know and they

are then what we call specified orders, and, therefore,

become an addition to our specified orders, that is,

to our orders to deliver. While they are in bulk

they are just in our books and cannot go beyond a

certain point. In the last three months of 1935

the trade placed bulk orders amounting to 17,654,

30-yard pieces, compared with 10,319 pieces of bulk

orders for the last three months in 1934. Out of

those bulk orders, in 1935, they specified 12,291 pieces

against 6,953 pieces in 1934. That is what we actually

had to run out of those bulk orders.

Q. When did the specified take place, during the

Mr. McNair: Have you got copies of them?

A. I have had copies prepared up to a certain date.

A study of the figures from week to week, and in total shows that in the last three months of 1935 the trade placed bulk orders, - perhaps I will explain this

first, to keep the thing in proper perspective: Our

orders consists of two types, what we call new

specified orders, which are for goods of a definite

pattern, quality and construction, usually to be

delivered at a definite time; then we also have bulk

orders, that is the quantity of grey goods that will

be required, or quantity of goods to be shipped,

but the rate of delivery, the exact quantity, etc.,

is not specified, at the time. These go into bulk

orders. When the customer as he becomes in a position

to take delivery of these goods lets us know and they

are then what we call specified orders, and, therefore,

become an addition to our specified orders, that is,

to our orders to deliver. While they are in bulk

they are just in our books and cannot go beyond a

certain point. In the last three months of 1935

the trade placed bulk orders amounting to 17,634,

35-yard pieces, compared with 10,819 pieces of bulk

orders for the last three months in 1934. Out of

these bulk orders, in 1935, 14,111 pieces

were of the 35-yard type, and 3,523

were of the 30-yard type.

In 1934, 11,111 pieces were of the 35-yard type, and 9,708

period? A. Yes, those would be the specifications out of bulk; these would be new specified orders coming from bulk, and they amounted to 14,577 pieces that is, in the last three months of 1935, compared to 18,665 pieces in 1934.

BY MR. GEOFFRION: Q. In the three months? A. Yes, in the last three months. That meant that customers in the last three months of 1935 were following the practice of placing bulk orders and specifying their requirements from those bulk orders, to a large extent.

The figures show, that out of the totals order to deliver, in 1935, 12,291 pieces were specified from bulk, and new specified orders were 14,577. In 1934, 6,953 orders were specified from bulk, and 18,665 were new specified orders. In that period, the total in 1935, of new specified orders, plus bulk orders, that is, booked orders, in 1935, amounted to 32,231 as compared to 25,934 in 1934. That brings us up to the end of 1935. At the beginning of 1936, January 4th, we had specified orders on hand amounting to 8,846 pieces, and bulk orders on hand amounting to 5,841 pieces, giving total orders on hand of 14,487 pieces.

BY THE COMMISSIONER: You say this is on the 1st of January? A. On the 4th of January, well, at the end of the week. This compared with the corresponding date in 1935 of specified orders on hand of 5,490 pieces, and bulk orders of 10,817 pieces,

Q 107

Q 107. At that time would you be specifying orders

out of bulk; there would be new specified orders coming from bulk, and they amounted to 14,377 pieces that is, in the last three months of 1933, compared to 18,663 pieces in 1934.

BY MR. GEORGINO: . In the three months? As far as in the last three months. That meant that customers in the last three months of 1933 were following the practice of placing bulk orders and specifying their requirements from those bulk orders, to a large extent.

The figures show, what out of the total order to deliver, in 1933, 18,321 pieces were specified from bulk, and new specified orders were 14,377. In 1934, 6,353 orders were specified from bulk, and 18,663 were new specified orders. In that period, the total in 1933, of new specified orders, plus bulk orders, that is, booked orders, in 1933, amounted to 32,691 as compared to 25,984 in 1934. That brings us up to the end of 1933. At the beginning of 1933,

January 4th, we had specified orders on hand amounting to 5,641 pieces, and new orders in bulk amounted to 5,641 pieces, giving total orders on hand of 14,437.

BY THE EXAMINER: You say this is on the 4th of January? . . . on the 4th of January, well, at the end of the week. This compared with the corresponding time in 1933 as specified orders on hand at that time, was 10,017 pieces.

giving a total of 16,307 pieces.

Q. In 1935? A. Yes.

Q. What is 1936 again, please? A. In 1936, sir,
the total was 34,487. In the first two weeks of
5 January, 1935, 3,846 pieces on hand specified orders
had been placed; and 4,500 bulk orders were placed,
which represented in those first two weeks of 1935
total new orders on our books of 8,346 pieces.

10 In the first two weeks of 1936, ending January
11th, new specified orders were 1,995 pieces, specified
from bulk were 416 pieces. No bulk orders were booked,
so that new orders to deliver in that period only
amounted to 2,411 pieces against 5,334 pieces in
15 1935. And additions to orders were 1,995 pieces
against 8,346 pieces in 1935. In the same two weeks,
and the year 1935, 1,498 pieces were specified
from bulk, thereby became orders to deliver.

20 BY THE COMMISSIONER: Q. In 1935? A. Yes, sir,
which, together with the specified orders on hand,
gave total orders to deliver of 5,334 pieces.

25 In 1936, the specified orders from bulk were
416 pieces, which added to the orders already specified
gave us orders to deliver amounting to 2,411 pieces,
as compared to 5,334 pieces in 1935.

30 It seemed, therefore, at the end of the first
two weeks in January, clear to those of us who were
in touch with the situation, that, for some reason,
the trade had rather suddenly changed their buying
policies; they had stopped placing bulk orders, or

Statement of the Committee

in the year 1935

Q. That is 1935 again, please? A. In 1935, sir.

the total was 34,487. In the first two weeks of January, 1935, 8,344 pieces on hand specified orders had been placed; and 4,500 bulk orders were placed, which represented in those first two weeks of 1935 total new orders on our books of 8,344 pieces.

In the first two weeks of 1935, ending January fifth, new specified orders were 1,395 pieces, specified from bulk were 416 pieces. No bulk orders were booked so that new orders to deliver in that period only amounted to 2,411 pieces against 8,344 pieces in 1935. And additions to orders were 1,395 pieces against 8,344 pieces in 1935. In the same two weeks, and the year 1935, 1,438 pieces were specified from bulk, thereby became orders to deliver.

BY THE COMMISSIONER: Q. In 1935? A. Yes, sir, which, together with the specified orders on hand, gave total orders to deliver of 8,344 pieces. In 1935, the specified orders from bulk were 416 pieces, which added to the orders already specified gave us orders to deliver amounting to 2,411 pieces, as compared to 8,344 pieces in 1935.

It seemed, therefore, at the end of the first two weeks in January, clear to those of us who were in touch with the situation, that, for some reason,

we were not getting orders in the bulk order

collected only in the bulk order

even specifying from bulk which they had been doing very liberally--.

Q. How long do you have a bulk order, Mr. Gordon?

A. They vary, of course. We have some there for nine months.

Q. When do they lapse?

A. We do the best we can to try and make the customers specify, because unless they specify it is really of no use to us; we cannot deliver a bulk order. Sometimes we come to an agreement with the customer. He will take part and we will cancel the rest. Therefore, at that particular time, that is, about the middle of January, when these figures were known to us, we had to reconsider our production plans compared to what we had already formulated toward the end of December.

Now, to continue with the history of the orders to the end of 1935 up to March, 1936, I explained that this was prepared at some time previous when we only would go up to March. In 1936, in the period up to March 31st, we have had new specified orders of 19,598 pieces. We have had orders specified from bulk of 4,527 pieces.

BY THE COMMISSIONER: Q. How many? A. 4,527,

and new bulk orders of 2,516, which gives us a total, or which has given us a total of 24,125 pieces of orders to deliver, and 22,114 pieces of additions to orders. On our books, for the corresponding period of 1935, the figures were, new specified orders,

even specifying from bulk which they had been doing

any time.

Q. How long do you have a bulk order, Mr. Gordon?

A. They vary, of course. We have some there for

nine months.

Q. When do they lapse?

A. We can't try and name the customers specifically, because

unless they specify it is really of no use to us;

we cannot deliver a bulk order. Sometimes we

come to an agreement with the customer. We will take

part and we will cancel the rest. Therefore, at

that particular time, that is, about the middle of

January, when these figures were known to us, we

had to reconsider our production plans compared to

that we had already formulated toward the end of

now, to continue with the history of the order

to the end of 1955 up to March, 1956, I explained

that this was proposed at some time previous when we

only could go up to March. In 1956, in the period

up to March 31st, we have had now specified orders

of 19,388 pieces. We have had orders specified

from bulk of 4,527 pieces.

Q. At the time of the order, was it a total?

A. And new bulk orders of 2,516, which gives us a total,

or which was given as a total of 24,125 pieces of

orders to deliver, and 22,114 pieces of additions to

orders. In the same way, for the corresponding period

of 1955, the figures were, new specified orders

20, 801 pieces, specified from bulk, 8,475 pieces, and new bulk orders of 12,224 pieces, giving a total of 29,276 pieces or orders to deliver, and 33,025 pieces of additions to orders.

5

Q. Give me 1936 again, please. A. The 1936 figures, sir, we had new specified orders of 10,598 pieces; orders specified from bulk, 4,527; and new bulk orders of 2,516. By combining the new specified orders which are specified from bulk, we get a total of orders to deliver which amounted to 24,125 pieces.

10

Q. In 1936? A. Yes, sir, that is 1936.

15

Q. And 1935, the same combination? A. In 1935, the same combination gave us orders to deliver of 29,276. If we combine the new specified orders with new bulk orders we get our total for these two years; for the period, 1936, the total were 22,114, and in 1935 the totals were 33,025.

20

Then I drew the conclusion that it was evident we were experiencing quite a different attitude on the part of the trade from last year, and this is confirmed by our orders-in-hand position which shows, as of March 21st, 1936, that we had orders on hand,-

25

specified orders 3,329 pieces, bulk orders 4,525 pieces, or a total of 7,854 pieces, as compared with the corresponding date in 1935, of 6,102 pieces of specified orders, 12,827 pieces of bulk orders, giving a total of 18,929 pieces. And at the time I prepared this I was looking ahead that the new specified orders, for

30

80, 801 pieces, specified from bulk, 8,478 pieces,
and new bulk orders of 12,124 pieces, giving a total
of 20,876 pieces or orders to deliver, and 18,000

. Give me 1936 again, please. A. The 1936

figures, sir, we had new specified orders of 12,124
pieces; orders specified from bulk, 4,527; and new

orders which are specified from bulk, we get a total
of orders to deliver which amounted to 16,112 pieces.

. In 1936? A. Yes, sir, that is 1936.

. And 1936, the same combination? A. In 1936,

the same combination gave us orders to deliver of

8,478. In the same way we had specified orders with

new bulk orders we got our total for these two years;

for the period, 1935, the total was 22,112, and in

1936 the totals were 20,876.

Then I draw the conclusion that it was evident

we were experiencing quite a different attitude on the

part of the State from last year, and this is confirmed

by our orders-in-hand position which shows, as of

March 1st, 1936, that we had orders on hand,

specified orders 8,478, pieces, bulk orders 4,527, pieces,

or a total of 13,005 pieces, as compared with the

corresponding date in 1935, of 8,108 pieces of specified

orders, 12,877 pieces of bulk orders, giving a total

of 21,985 pieces. Now if you draw the conclusion that

I am just now stating that the attitude was different,

this year, would run considerably in excess of those for 1935.

BY THE COMMISSIONER: Q. And has your hope been realised? A. Yes, sir. In 1935, for that period, in specified orders --

BY MR. McRUER: Q. For which period? A. March 21st, to June 6th. The dates won't be exactly the same, Mr. McRuer, to a day in each year, because of Leap Year, but it will be for the corresponding period of two or three days. In 1935, for that period, March 21st to June 6th, new specified orders amounted to 18,556 pieces, which combined with 6,920 pieces specified from bulk--

Q. I am sorry, what is that again? A. The new specified orders, during the period, amounted to 18,556 pieces, which together with 6,920 pieces specified from bulk during the period, gave total orders to deliver --

Q. 6,920? A. Yes, 6,920, give ~~er~~ total orders to deliver amounting to 25,476 pieces.

Q. We have advanced now to 1936? A. Yes, 1936, and a tendency shown in the period, January 4th, to March 21st, has continued to hold good except that new specified orders have exceeded those of 1935 for the same period, whereas in the period from January to March new specified orders were greater than the previous year. The new specified orders in the period March 21st, to June 6th, 1935, I have already given as 25,476 pieces.

this year, would run considerably in excess of those for 1935.

BY THE COMMISSIONER: And has your hope been

realized? A. Yes, sir. In 1935, for that period,

in specified orders --

BY THE COMMISSIONER: For which period? A. March

1st, to June 5th. The rates won't be exactly the same

as, however, to a day in each year, because of leap

year, but it will be for the corresponding period of

two or three days. In 1935, for that period, March

1st to June 5th, new specified orders amounted to

18,555 pieces, which combined with 6,920 pieces specified

from bank --

I am sorry, what is that again? A. The

new specified orders, during the period, amounted to

18,555 pieces, which together with 6,920 pieces

specified from bank during the period, gave total

orders to deliver --

6,920? A. Yes, 6,920, give us total orders

to deliver amounting to 25,475 pieces.

Q. We have advanced now to 1936? A. Yes, 1936.

and a tendency shown in the period, January 4th, to

March 1st, has continued to hold good except that

new specified orders have exceeded those of 1935 for

the same period, whereas in the period from January to

March 1st, the new specified orders in the period March

1st, to June 5th, 1935, I have already given as

25,475 pieces.

BY MR. McRUER: Q. That was specified from bulk,
and new specified orders? A. Yes, right. I am
sorry, that was the total of the two.

5 BY THE COMMISSIONER: Q. And that is up to what
date? A. That is up to June 6th, sir.

BY MR. McRUER: Q. 1935?

10 BY THE COMMISSIONER: These last figures you have
given us is up to what date in 1935? A. March 21st,
sir. I just want to check with Mr. McRuer.

Q. So that from the beginning of 1935 to the end
of March, the specified orders exceed those of the
same period in 1936? A. Yes, sir.

15 Q. How did the two figures compare? A. The
figures I am going to give you now, sir, are the
orders to deliver, that is, the combination of new
specified plus specified from bulk, for the period.

20 BY MR. McRUER: Q. Could we have them broken down
in the same way? A. Yes, I will give them the other
way, Mr. McRuer.

25 Q. You give us some one way and some the other,
and it is hard for us to make comparison? A. In
the period from March 21st, to June 6th - it was
actually June 8th, 1935, the total of new specified
orders was 18,556 pieces, and in the same period of
this year --

30 BY THE COMMISSIONER: Q. What about specified from
bulk? A. Specified from bulk in that year was 6,920.

Q. 6,920? A. Yes, this year. The new

Jordan

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BY MR. MURPHY: Q. That was specified from bulk,

and new specified orders? A. Yes, right. I am

sorry, that was the total of the two.

BY THE COMMISSIONER: Q. And that is up to what

date? A. That is up to June 8th, sir.

BY R. MURPHY: Q. 1935?

BY THE COMMISSIONER: Those last figures you have

given us is up to what date in 1935? A. March 8th,

sir. I just want to check with Mr. McRuer.

A. So that from the beginning of 1935 to the end

of March, the specified orders exceed those of the

same period in 1934? A. Yes, sir.

A. How did the two figures compare? A. The

figures I am going to give you now, sir, are the

orders to deliver, that is, the combination of new

specified plus specified from bulk, for the period.

BY MR. MURPHY: Q. Could we have them broken down

in the same way? A. Yes, I will give them the other

way, Mr. McRuer.

A. You give us some one way and some the other,

and it is hard for us to make comparisons? A. In

the period from March 8th, to June 8th - it was

actually June 8th, 1935, the total of new specified

orders was 18,556 pieces, and in the same period of

BY THE COMMISSIONER: Q. Just about specified from

A. Yes, this year. The new

5 specified orders for the same period are 30,356 pieces,
and specified from bulk, 32,716. The result of those
two, to give the figures which I started to give when
Mr. McRuer corrected me, the total orders to deliver
in the period March 21, to June 6th, 1935, amounted
to 25,476 pieces. And in 1936 it amounted to 33,627
pieces. And the bulk orders, that is, new bulk orders,
on the other hand, have been less than in 1935.

10 In 1935 they were 1,452 pieces as compared to 500 pieces
this year.

BY THE COMMISSIONER: Q. How many this year?

A. 500, sir.

15 BY MR. McRUER: Q. That last figure I did not get.

A. New bulk orders booked in the period March 21st,
to June 6th, 1935, were 1,452 pieces as compared to
500 pieces in the same period of this year. And,
still treating with bulk orders, the total bulk orders
20 booked January to June, 1935, that is from the first
of the year up to June 6th, 1935, were 136,766 pieces,
and this year 3,016 pieces. Now, dealing with the
same period, that is, from the 1st January up to June
6th, 1935, the total additions to orders, that includes
25 new specified orders and bulk orders together, were
53,063 pieces, of which 39,357 pieces were new specified.

BY MR. McRUER: Q. Total additions new specified?

A. Total orders, booked really.

30 Q. New specified were what? A. New specified
were 39,357 pieces, and 13,676 were new bulk orders.

specified orders for the same period are 30,388 pieces
and specified from bulk, 28,718. The result of these
two, to give the figures which I wanted to give you
Mr. Webster corrected me, the total orders to deliver
in the period March 31, to June 30, 1911, amounted
to 35,475 pieces. And in 1910 it amounted to 35,387
pieces. And the bulk orders, that is, non bulk orders
on the other hand, have been less than in 1911.

In 1910 they were 1,403 pieces as compared to 300 pieces
this year.

BY THE CHAIRMAN: Now, how many this year?

MR. WEBSTER: That I have said I did not give.

A new bulk order booked in the third March day,
to June 30, 1911, was 1,403 pieces as compared to
300 pieces in the same period of this year. And,

still trusting with bulk orders, the total bulk orders

booked January to June, 1911, that is from the first

of the year up to June 30, 1911, were 180,785 pieces,

and this year 2,011 pieces. Now, dealing with the

same period, that is, from the 1st January to June

30th, 1911, the total additions to orders, that is, the

now specified orders and bulk orders together, were

38,038 pieces, as against 35,387 pieces were now specified.

BY MR. WEBSTER: Total additions now specified?

MR. CHAIRMAN: Now, what?

MR. WEBSTER: That is, the new bulk orders.

That is in 1935.

BY THE COMMISSIONER: Q. What about 1936?

A. In 1936 the total additions to orders were 52,970 pieces.

5

Q. Just about the same? A. Yes, of which 49,954 were new specified orders and 3,016 were new

bulk orders. Now, dealing with orders to deliver in the period from March to June, we have shown that

10

specified orders from March to June ---

Q. What difference is there between a specified order and an order to deliver? A. I am just using

the term "orders" to deliver to combine orders which we received directly to deliver, and orders which are specified from bulk.

15

Q. Do you include new specified orders; why do you go into it again under another name? A. Because when we combine with the orders which go through the bulk --

20

Q. Oh, you get the whole specified order?

A. Yes.

Q. You gave us that? A. Yes, I have given

you both.

25

(Page 6510 follows)

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BY MR. GEOFFRION: Q. That is the addition of the directly specified and the specified from bulk?

A. Yes.

5 BY THE COMMISSIONER: Q. I thought we had that under those two names but now you put them together and call them orders to deliver? A. I have been using that phrase I think, sir, consistently.

10 Q. Orders to deliver, we understand that means new specified and specified out of bulk? A. It is the two added together.

Q. And in 1935 they amounted to how much?

A. In 1935 -- from January to June, sir?

15 Q. Yes. A. I was going to consider it a little differently, sir.

Q. Well, consider it in your own way.

A. I was going to say while the new specified orders from March to June have exceeded last year's, when we take the specifications from bulk, this year they have only been 3,271 pieces as against 6,920 last year.

20 Q. What do you infer from that? A. I just infer -- to get your total orders to deliver which I am just going to give you you have to add together the new specified -- the directly specified and the indirectly specified, and combining the new specified orders and the specified from bulk we get the orders to deliver, March to June, 1935, 25,476 pieces and March to June, 1936, 33,627 pieces.

BY MR. McRUER: Q. Thirty-three thousand --

30 A. 33,627 pieces.

BY THE COMMISSIONER: Q. That is about 8,000 more?

BY MR. GEORGE: Q. That is the addition of the

directly specified and the specified from bulk?

A. Yes.

BY THE COURT: Q. I thought we had that

under these two items but now you are saying that

and only these orders to deliver? A. I have been

saying that phrase I think, sir, consistently.

Q. Orders to deliver, we understand that means

the specified and the specified from bulk.

the two added together.

Q. And in fact they amounted to how much?

A. In 1935 -- from January to June, sir?

A. Yes. A. I was going to consider it

as a single item, sir.

Q. Well, consider it in your own way.

A. I am going to say while the new specified orders

from March to June have exceeded last year's, and we

take the specified from bulk, this year they have

only been 3,271 pieces as against 6,000 last year.

Q. What do you infer from that? A. I just

infer -- to get your total orders to deliver which I

am just going to give you have to add together

the new specified -- the directly specified and the

indirectly specified, and combining the new specified

orders and the specified from bulk we get the orders

to deliver, March to June, 1935, 33,475 pieces and

March to June, 1936, 33,627 pieces.

Q. And the difference between these two years is

152 pieces, sir.

Q. And the difference between the two years is

Gordon,

A. Yes, those are the orders to deliver that we have to run on.

BY MR. McRUER: Q. So we may be clear, that really means the business that has been placed? A. The

business that has taken concrete form.

Q. That means dollars and cents? A. It means production and shipments.

BY THE COMMISSIONER: Q. It shows an increase of about 8,000? A. In the printing end.

Q. Of about 8,000 this year over last?

A. That is right, sir; taking the period from January to June, the orders to deliver, January to June, 1935 were 54,752 pieces, of which --

BY MR. McRUER: Q. Fifty-four thousand --

A. 54,752 pieces of which 39,357 came by the direct route, that is, they were directly specified and 15,395 were specified out of bulk and indirectly became orders to produce.

Q. Orders to deliver were 54,752? A. Yes.

Q. And specified out of bulk? A. Of that figure of 54,752 15,395 were specified from bulk.

Q. 15,395 -- A. Were specified from bulk and 39,357, which is the balance, of course, were new specified orders.

Q. Alright. A. January to June, 1936, total orders to deliver amounted to 57,752 pieces.

Q. 57,752 --

BY THE COMMISSIONER: Q. That makes an exact difference of 3,000? A. Yes, it does happen to

be 3,000, sir; I did not notice that before, but it is,

of which 49,954 pieces were new specified.

BY MR. McRUER: Q. Forty-nine thousand --

A. 49,954 and 7,798 pieces were specified from bulk.

Then, I say that the hand to mouth buying tendencies --

5 BY THE COMMISSIONER: Q. What is that?

A. Hand to mouth, is the phrase I have used, sir, buying tendencies of the trade this year are shown clearly

by the foregoing as compared to the previous year

because the proportion of additions to orders this

10 year represented by bulk orders -- that is where they

are looking ahead -- has shrunk from 25% in 1935 to

less than 6% in 1936. The proportion of orders to

deliver represented by specifications from bulk has

gone down from 28% in 1935 to 13½% in 1936, and of the

15 ~~1~~ 7,798 pieces specified from bulk this year 5,841

pieces were on order at the beginning of the year and

only 3,016 pieces have been booked as bulk orders since

the 1st of January as compared -- since the 4th of

January as compared to 13,676 pieces booked as bulk

20 orders last year, where our bulk order bookings have

been less than 25% of last year.

Q. Well, you had better make that complete --

A. Yes, I will give you the rest on hand --

25 Q. Because on the whole you are doing more

business now than last year? A. We have

shipped more goods, but it is reflected in the orders on hand.

Q. Continue now, and give us the deliveries and we will have the whole picture? A. I have not

of which 43,924 pieces were now specified.

BY MR. BRYDIE: Forty-nine thousand --

A. 43,924 and 7,736 pieces were specified from bulk.

Then, I say that the hands to mouth being tendencies

BY MR. BRYDIE: What is that?

A. Hand to mouth, is the phrase I have used, and, having

tendencies of the trade this year are shown clearly

by the foregoing as compared to the previous year

because the proportion of additional to orders this

year represented by bulk orders -- that is where the

are looking ahead -- has sunk from 25% in 1935 to

less than 5% in 1936. The proportion of orders to

deliver represented by specifications from bulk has

gone down from 25% in 1935 to 13% in 1936, and of the

* 7,736 pieces specified from bulk this year 5,841

pieces were on order at the beginning of the year and

only 3,016 pieces have been booked as bulk orders since

the 1st of January as compared -- since the 1st of

January as compared to 13,076 pieces booked as bulk

orders last year, where our bulk order business have

been less than 5% of last year.

Q. Well, you had better make that complete --

A. Yes, I will give you the rest on hand --

Q. Because on the whole you are doing more

business now than last year?

A. We have shipped more goods, but it is reflected in the orders

Q. Continue now, and give us the deliveries and

we will have the whole picture?

A. I have not

got the shipments here, sir.

Q. I mean, you have told us about their being less bulk orders? A. Yes.

Q. And you stop there; well, there are less bulk orders but there are more orders for delivery?

A. Yes, I will go over that.

MR. GEOFFRION: The figures are given.

BY THE COMMISSIONER: Q. What is the inference from that? A. The inference, sir, is that whereas --

Q. Apparently you are doing more business this year only you are doing it in a different way?

A. We are doing it in this way, sir; I have in mind what you mean --

Q. I want to understand what conclusions you are drawing from this fact that the orders for delivery are greater and they have come to you more directly in specified orders than they did last year?

A. The inference is just this that a firm placing a specified order is placing it for fairly prompt delivery. In other words, they are covering their immediate needs. A firm placing a bulk order may be looking ahead over six or nine months and will specify for that period out of that bulk order. This year, while our orders for delivery over a period have run slightly in excess of last year they have been taken in an entirely different way. They have almost all come through new specified orders channel.

Q. That means that the immediate needs are greater than last year? A. I interpret that as

meaning that the trade are not willing to look ahead,

Q. Now, I want to ask you about their being

A. I mean, you have told us about their being

Q. Now, I want to ask you about their being

A. And you stop there; well, there are less bills

orders but there are more orders for delivery

A. Yes, I will go over that.

Q. Now, I want to ask you about their being

BY THE COURT: What is the difference between

A. The difference, sir, is that whereas --

Q. Now, I want to ask you about their being

year only you are doing it in a different way?

A. We are doing it in this way, sir; I have in mind

Q. Now, I want to ask you about their being

A. I want to ask you about their being

Q. Now, I want to ask you about their being

are greater and they have come to you more directly

in specified orders than they did last year?

A. The difference is just this that a firm placing a

specified order is placed it for delivery prompt delivery

ery. In other words, they are covering their losses

late needs. A firm placing a bulk order may be

looking ahead over six or nine months and will specify

for that period out of that bulk order. This year,

while our orders for delivery over a period have run

slightly in excess of last year they have been taken

in an entirely different way. They have almost all

come through our specified orders channel.

A. That means that the immediate needs are greater

A. I interpret that as

meaning that the needs are not going to be met

they are afraid to look ahead and they are covering their immediate requirements.

Q. I say that these immediate requirements are greater than they were a year ago? A. Yes, they are slightly greater.

Q. Your orders are 57,000 as against 54,000?

A. Yes, there is the three thousand difference you spoke of, but our orders on hand position is as follows: As of June 6th specified orders on hand, 4,064 pieces.

Q. This year? A. Yes, sir, this year, and bulk orders on hand --

Q. Wait a minute, that is your orders on hand, specified? A. Yes, and bulk orders on hand 1,971 pieces.

BY MR. McRUER: Q. Nineteen hundred --

A. 1,971, yes.

BY THE COMMISSIONER: Q. 6,035 total?

A. 6,035 total.

Q. How were you last year? A. This compares with the same date last year, June 8th last year I think it was, specified orders on hand 5,291 pieces, bulk orders 7,488 pieces, a total of 12,779 pieces.

BY MR. McRUER: Q. I didn't get the first figure, four thousand, six hundred? A. 4,064.

The inference, of course, is that this year we have slightly less than 50% of the orders on our books that we had on the same date last year.

BY MR. GLOFFRION: Q. You mean the trade seem to

they are afraid to look ahead and they are covering

they are afraid to look ahead and they are covering

.. I am not sure immediate requirements are

greater than they were a year ago? A. Yes, they

are slightly greater.

.. Your orders are \$7,000 as against \$4,000?

A. Yes, there is the same thousand difference you

speak of, but our orders on hand position is as

follows: As of June 30 specified orders on hand,

1,488 pieces.

.. This year? A. Yes, sir, this year,

and bulk orders on hand --

.. This is a minute, that is your orders on hand,

A. Yes, sir, and will be in June

1,481 pieces.

BY MR. BELMONT: .. Nineteen hundred --

A. 1,481 pieces.

BY THE COMMISSIONER: .. 6,000 total?

A. 6,000 total.

.. We are not just year?

pared with the same date last year, June 30 last year

I think it was specified orders on hand 5,291 pieces.

bulk orders 7,488 pieces, a total of 12,779 pieces.

BY MR. BELMONT: .. I didn't get the first figure,

the difference, of course, is that this year we have

slightly less than 500 of the orders on our books

that we had on the same date last year.

BY MR. BELMONT: .. You mean the figure goes to

be buying from hand to mouth? A. Yes.

BY THE COMMISSIONER: Q. The mouth is open wider. A. We will swallow all we can get, sir.

5 MR. GEOFFRION: If you had also bulk orders you would have a greater increase --

MR. McRUER: You didn't have any new competitors in the meantime.

10 THE WITNESS: If we had bulk orders we could look further ahead. In this system the job of providing grey cloth for the print works is made much more difficult.

15 BY MR. GEOFFRION: Q. Have you filed that as an exhibit? A. I have read that all into the record; these are only notes.

THE COMMISSIONER: It is alright, we have it.

20 BY MR. GEOFFRION: Q. Now, what capacity, what proportion of the full capacity of your rayon mill is Sherbrooke operating now? A. The week ending last Saturday, combining the looms running day and night gave an equivalent of about 63% of a normal single shift capacity. There are certain looms running at night.

25 BY THE COMMISSIONER: Q. What do you mean by that, 63% of what? A. I mean, sir, if the mill has 500 looms, say, and we take a 55 hour week,--

30 Q. That is 63% of the loom work? A. Of the loom hours run. We figure out how many loom hours there are in a standard week with the full complement

Gordon,

6015

A. Yes.

be buying from hand to mouth?

BY THE COURT: The month is open

A. We will swallow all we can get.

air.

MR. GORDON: If you had also bulk orders

you would have a better business

MR. GORDON: You didn't have any new competitors

in the meantime.

THE COURT: If we had bulk orders we could

look further ahead. In this system the job of

providing grey cloth for the print works is made much

more difficult.

BY MR. GORDON: Have you filed that as an

exhibit? A. I have read that all into the

record; these are only notes.

THE COURT: It is alright, we have it.

BY MR. GORDON: Now, what capacity, what

proportion of the full capacity of your system will

is Sharbrooke operating now? A. The week

ending last Saturday, combining the looms running day

and night gave an equivalent of about 65% of a normal

single shift capacity. There are certain looms

running at night.

BY THE COURT: What do you mean by

that, 65% of what? A. I mean, sir, if

the mill has 100 looms, say, and we take a 65 hour

week--

A. That is 65% of the loom work.

Now, figure out how many loom hours

there are in a standard week with the full complement

of the plant and we take the loom hours run both day and night and compare it with the standard figure and we arrive at 63%.

Q. Has there been any decrease or increase since we were in Sherbrooke? A. There has been a slight increase, sir. I think we dropped as low as about 56% or 55% and we have climbed up now to 63%. Of course, back in December we were running over 100%, we were up to 120%.

BY MR. GEDFRION: Q. When was that? A. Last December.

BY MR. McRURER: Q. That is what ran up the over-production? A. That is what created the stock we have talked about.

MR. McRURER: Probably we might have a recess for a few minutes before Mr. Gordon and I have a session.

-- The Commission adjourned for a short recess.

-- On resuming.

MR. DIXON: My lord, with my friend's permission I am producing Mr. Taylor of Courtaulds in connection with the letters.

THE COMMISSIONER: You appear for Courtaulds; I already have your name here?

MR. DIXON: Yes, my lord. Mr. Taylor --

THE COMMISSIONER: Has this to do with the Japanese question?

MR. DIXON: It is just to clear up the question with exhibit 400, my lord, which was a letter written by Courtaulds of England to Courtaulds in Toronto, and

Gordon,

6535

of the plant and we take the loom hours run both day and night and compare it with the standard figure and we arrive at 68 1/2.

Q. Has there been any decrease or increase since we were in there?

A. Slight increase, sir. I think we dropped a few as about 65 or 66 and we have climbed up now to 68 1/2. Of course, back in December we were running over 100%, we were up to 100%.

BY MR. BRYCE: When was that? A. Last December.

BY MR. BRYCE: That is what ran up the over-production? A. That is what created the stock we have talked about.

Q. Now, probably we might have a reason for a few minutes before Mr. Gordon and I have a session.

-- The Commission adjourned for a short recess. -- On resuming.

MR. BRYCE: My lord, with my friend's permission I am introducing Mr. Taylor of Courtenay in connection with the matter.

THE COMMISSIONER: You appear for Courtenay; I already have your name here?

MR. BRYCE: Yes, my lord.

THE COMMISSIONER: Has this to do with the Japanese

question?

MR. BRYCE: It is just to clear up the question with exhibit 400, my lord, which was a letter written by Courtenay of England to Courtenay in Canada, and

Mr. McRuer has asked for the letter to which this was
a reply.

BRINLEY TAYLOR, sworn,

5

EXAMINED BY MR. DIXON:

Q. Mr. Taylor, yesterday during the evidence of Mr.
Berry a letter dated the 11th of February, 1936, was
produced as exhibit 400. That letter purports --

10

THE COMMISSIONER: Pardon me, you had better have
Mr. Taylor tell us just who he is.

BY MR. DIXON: Q. Mr. Taylor, I understand you
are a director of Courtaulds of Canada?

A. Director and sales manager, your lordship.

15

BY THE COMMISSIONER: Q. Director and what?

A. And sales manager.

Q. And what is the name? A. Courtaulds.

Q. How does it go? A. Courtaulds, Canada,
Limited.

20

Q. Alright, go ahead.

25

BY MR. DIXON: Q. Yesterday during Mr. Berry's
evidence a letter addressed to you dated the 11th of
February, 1936, from Samuel Courtaulds of England
was produced. This letter purported to be a reply to
your letter of the 16th of January. Would you produce
your letter of the 16th of January as an exhibit?

THE COMMISSIONER: Well, we had better make it
part of that one exhibit, then.

30

MR. DIXON: Add it to exhibit 400, my lord?

THE COMMISSIONER: Yes, you had better read it.

MR. DIXON: This is a copy of a letter dated the

Gordon,

6517

Mr. Nelson has asked for the letter to which this was
a reply.

Mr. Taylor, yesterday during the evidence of Mr.
Kerry a letter dated the 11th of February, 1980, was
produced as exhibit 400. That letter purports --

THE COMMISSIONER: Gordon, you had better have
Mr. Taylor tell us just who he is.

BY MR. TIXON: Mr. Taylor, I understand you
are a director of Courtenay of Canada?
A. Director and sales manager, your lordship.

BY THE COMMISSIONER: Mr. Director and what?
A. And sales manager.

Q. And what is the name?
A. Courtenay.
Q. How does it go?
A. Courtenay, Canada.

Q. Alright, go ahead.
BY MR. TIXON: .. yesterday during Mr. Kerry's
evidence a letter addressed to you dated the 11th of
February, 1980, from General Courtenay of England
was produced. This letter purported to be a reply to
your letter of the 16th of January. Would you know
your last bit of the 16th of January as an exhibit?

THE COMMISSIONER: Well, we had better make it
Mr. TIXON: Add it to exhibit 400, my lord?
THE COMMISSIONER: Yes, you had better read it.

16th of January, 1936 addressed to Mr. P. J. Gratwick
Messrs Courtaulds, Limited, London, E.C. 1.

"Dear Mr. Gratwick:

Confirming our telephone conversation, and
acknowledging your cable as per copy attached here-
with, for which information we are much obliged.
No doubt you are fully conversant with the Japanese
situation, but I will keep you posted of the develop-
ments in this market, as there is no doubt it will
have a serious reaction on any arrangements that
might be made to facilitate increased importations
of rayon and rayon and cotton piece goods from
Great Britain to this market.

The present difficult situation is caused by
cancellation of the fixed valuation for duty purposes
of \$1.25 per lb. on rayon fabrics when imported from
Japan, which under Section 43 of the Canadian Customs
Act permits special or dump charge to be made between
the Japanese Home Market Value and the \$1.25 or,
in other words, prior to January 1st, the minimum
value of any goods coming into this market was
\$1.25 per lb. plus the duties.

Prior to 1930 the Japs did a fair amount of
business in this market on the low rate taffetas,
86 x 52, 120 denier warp, 150 denier filling, 8½
yards to the pound but, of course, the fixed valua-
tion closed them completely out of the market, but
since January 1st, they have become exceedingly
active, as the following information will reveal:
Japanese 27" Piece-dyed all Rayon Plain Taffeta"--

10th of January, 1930 addressed to Mr. F. J. Gristwick
Messrs Gristwick, Limited, London, N.O. I.

"Dear Mr. Gristwick:

Confirming our telephone conversation, and
acknowledging your cable as per copy attached here-
with, for which information we are much obliged.
No doubt you are fully conversant with the Japanese
situation, but I will keep you posted of the develop-
ments in this market, as there is no doubt it will
have a serious reaction on any arrangements that
might be made to facilitate increased importations
of rayon and cotton piece goods from

Japan. It is to be noted that
the Japanese Home Market Value and the \$1.25 or
in other words, prior to January 1st, the minimum
value of any goods coming into this market was
\$1.25 per lb. plus the duties.

Prior to 1930 the Japs did a fair amount of
business in this market on the low rate basis,
of x 52, 120 denier warp, 120 denier filling, 60
yards to the pound hat, of course, the fixed value-
tion closed them completely out of the market, but
since January 1st, they have been successful
active, as the following information will reveal:
Business of 1930-1931 has been very good.

I think you had better read this, Mr. Taylor.

A. (Reads)

"Japanese 27" Piece-Dyed all Rayon Plain Taffeta

1. Construction.

Loom width 30 inch reed, sley 86, pick 52, warp yarn 120 denier, 24 filament; weft yarn 150 denier, 26 filament, yards per pound 8.16, ends 2,580.

Actual finished width $27\frac{1}{2}$ inches, sley 94, pick 52 stroke 53, yards per pound 8.89. 57% of the warp was 7 pounds per 100 yards. 43% of weft was 5.3 pounds per hundred yards. Piece dyed, standard commercial dyes.

2. Price in Japan.-- I beg your pardon, that is in the wrong place. "Price in Japan 3.10 per 30 yard piece of $3\frac{1}{2}$ pounds at 8.5 yards per pound.

2. Price, F.O.B. Japanese port. Per piece 3.10, per yard, .103, per pound .886, at 29 cents 89.9 cents, 2.99 cents, 25.7 cents. Currency dump, 32.5 cents, ~~122~~ 1.08 cents and 9.3 cents. The total there under each column 122.4, 4.07 and 35.0. Duty ad valorem at 36% 44.1, 1.46, and 12.6. Specific at 40 cents, 140.0, 4.67, 40.0. The totals at that stage 306.5, 10.20 and 87.6. Excise duty 3%, 9.2, .31, 2.6. Totals at that stage 315.7, 10.51, 90.2. Freight at \$4.55, 13 cents, .53 cents and 4.6 cents. Other charges 5%, 5.1, .20, 1.1. F.O.B. Toronto 334.8, 11.24 and 95.9".

Q. "My reason for requesting the English Home Market Selling Price was the opinion that section

6512

Taylor

I think you had better read this, Mr. Taylor.

A. (Hend)

"Japanese 27" piece-like all Japan thin 150 50

1. Construction.

Room width 30 inch head, 150 50, 150 50, 150 50

with 150 center, 24 filament, with 150 50

25 filament, 150 50, 150 50, 150 50

150 50, 150 50, 150 50, 150 50

stroke 58, 150 50, 150 50, 150 50

was 7 pounds per 100 yards, 150 50, 150 50

0.8 pounds per hundred yards, 150 50, 150 50

...

2. Price in Japan. -- I had four pounds, 150 50

in the same place. "Price in Japan 2.10 per 100 yards

piece of 25 yards at 8.5 yards per pound.

3. Price in Japan. -- I had four pounds, 150 50

per yard, 150 50, 150 50, 150 50

cents, 150 50, 150 50, 150 50

25.5 cents, 150 50, 150 50, 150 50

Total there under each column 150 50, 150 50

and value of 150 50, 150 50, 150 50

specific at 40 cents, 150 50, 150 50

total at that stage 150 50, 150 50, 150 50

price at 150 50, 150 50, 150 50

stage 150 50, 150 50, 150 50

15 cents, 150 50, 150 50, 150 50

150 50, 150 50, 150 50, 150 50

...

...

"35, paragraph 2, of the Canadian Customs Act, which reads as follows, would take care of the situation."

THE COMMISSIONER: What section?

MR. DIXON: Section 35, paragraph 2, my lord.

THE COMMISSIONER: You better read it.

MR. DIXON: "Provided that in the case of importations of goods, the manufacture or produce of a foreign country, the currency of which is substantially depreciated, the value for duty shall not be less than the value that would be placed on similar goods manufactured or produced in Great Britain and imported from that country if such similar goods are made or produced there. If similar goods are not made or produced in Great Britain the value for duty shall not be less than the value of similar goods made or produced in any European country the currency of which is not substantially depreciated."

It was found in an interview with the Customs authorities at Ottawa this week that while the goods could be based on the English value, it was not possible to collect special or dump duty between the Japanese price and that value. This, of course, is not sufficient to rectify the situation. In fact, the only remedy is immediate restoration of the fixed valuation under section 43.

In a subsequent interview with the Minister of Finance, Minister of Trade & Commerce and Minister of Customs, etc., we were told it was possible to

"35, paragraph 2, of the Canadian Customs Act,

situation."

THE COMMISSIONER: That situation?

MR. BRYON: Section 35, paragraph 2, of the Act.

THE COMMISSIONER: You better read it.

MR. BRYON: "Provided that in the case of imports

of goods, the manufacturer or producer of

a foreign country, the currency of which is sub-

stantially depreciated, the value for duty shall

not be less than the value that would be placed

on similar goods manufactured or produced in Great

Britain and Ireland, if such goods were

similar goods and were or produced there. If

similar goods are not made or produced in Great

Britain the value for duty shall not be less than

the value of similar goods made or produced in

any European country the currency of which is not

substantially depreciated."

It was found in an interview with the Customs

authorities at Ottawa this week that while the

goods could be based on the British value, it

was not possible to collect special or bonus duty

between the Japanese price and that value. This,

of course, is not sufficient to rectify the

situation. In fact, the only remedy is immediate

restoration of the fixed value under section 35.

In a statement made by the Hon. Minister of

Finance, March 21, 1935, it was stated that

the Government were not prepared to

"restore some dumping duty, if the circumstances warranted it, but we were told pretty definitely that they could hardly credit such low prices being possible in Japan, when the domestic cost was approximately 17% per yard, for a similar construction.

There is no doubt we can substantiate this particular quotation very shortly, but as the volume on these cloths is a comparatively small part of the total consumption, we shall have to verify that the Japs can manufacture all types of all-rayon fabric, crepe de chine, French crepes, rough crepes, etc., on a proportionate price basis.

If you have any information or quotations with samples, we should certainly appreciate your sending them forward without delay.

With kind regards,

Yours very truly

(page 6623 follows)

"restore some dumping duty, if the circumstances warranted it, but we were sold pretty definitely that they could handle credit such low prices being possible in Japan, when the domestic cost was approximately 14¢ per yard, for a similar

quantity.

There is no doubt we can substantiate this particular situation very shortly, but as the volume on these cloths is a comparatively small part of the total consumption, we shall have to verify that the Japs can manufacture all these

of all-region fabric, except the calico, French crepe and other goods, in a quantity of 100,000 yards.

If you have any information or questions with respect, we should certainly appreciate your

calling them forward without delay.

With kind regards,

Yours very truly,

(page 6223 follows)

That letter was written by you, Mr. Taylor, to Mr. Gratwick?

A. Yes.

Q. And in the letter which you received and which has already been filed as exhibit 400 the samples which have also been filed were received with that letter?

A. Were received with that letter; each sample, your lordship, had a price tag on it when it was received by me. I have got the remnants of these samples, but most of them were cut up. They were cut up by the Ontario Research Foundation to make a report that I think was filed either yesterday or the day before.

Q. Unless your lordship wants them very specially I don't think they are in a condition to be filed.

A. These are the original price tags as received on the samples when they came to me originally.

BY THE COMMISSIONER: Q. We were told these prices were kept on what was kept by the Ontario Research Foundation?

A. That is correct, your lordship.

BY MR. McRUER: Q. But these have been cut off the samples that have been filed?

A. That is right, sir.

Q. You don't know where these prices came from?

A. These prices came from Mr. Castle-Smith. These prices were supplied by Mr. Castle-Smith.

Q. You don't know whether they are the prices at which any goods were ever sold?

A. Yes.

MR. DIXON: I was just going on with that.

I show you a telegram dated, London, June 10th. I will ask you to file this as exhibit --

That letter was written by you, Mr. Taylor, to Mr.

A. Yes.

And in the letter which you received and which

has already been filed as exhibit 400 the samples

which have also been filed were received with that

letter?

Yes, your lordship, had a price tag on it when

it was received by me. I have got the remnants of

these samples, but most of them were cut up. They

were cut up by the Ontario Research Foundation for

a report that I think was filed either yesterday or

the day before.

Unless your lordship wants them very specially?

I don't think they are in a condition to be filed.

A. There are the original price tags as received on

the samples when they came to me originally.

BY THE COMMISSIONER: They were told to me price

were kept on what was kept by the Ontario Research

Foundation?

A. That is correct, your lordship.

BY MR. MONAGHAN: But there have been cut off

the samples that have been filed?

Yes, sir.

A. You don't know where these prices came from?

A. These prices came from Mr. Gault-Smith. These

prices were supplied by Mr. Gault-Smith.

A. You don't know whether they are the prices

that you are talking about or not?

MR. TAYLOR: I was just going on with that.

I show you a telegram dated, I think, June 10th. I

will ask you to file this as exhibit --

THE COMMISSIONER: Did you say June 10th?

MR. DIXON: Yes, my lord. It reads as follows--

THE COMMISSIONER: Whom is it addressed to?

MR. DIXON: It is addressed to Courtaulds in Toronto
and is from Courtaulds in London.

"Japanese samples forwarded with our letter February
eleventh have all been sold in quantity in Australia

THE COMMISSIONER: Add that to exhibit 400.

MR. McRUER: I am not prepared to cross-examine on
that.

MR. DIXON: I was just going to ask the witness if
he knew anything more about it than the telegram itself
says and I think his answer will be no.

MR. McRUER: Small quantities or large quantities?

MR. DIXON: In quantities.

MR. McRUER: Well, I know,--

MR. DIXON: That is alright; we are putting it in
for what it is worth.

--

BY MR. McRUER: Q. Were you present at the meeting -

THE COMMISSIONER: Pardon me, let me see that
telegram.

BY MR. McRUER: Q. -- of the Minister of Trade and
Commerce, the Minister of Finance and the Minister of
National Revenue? A. I was.

Q. You were present there? A. Yes.

Q. And I see in your letter that you state that you
were told that it was possible to restore some dumping
duty if circumstances warranted? A. Yes.

Q. That was made clear to you at the time?

THE COMMISSIONER: Did you say June 1937?

THE COMMISSIONER: When is it addressed to?

MR. DICK: It is addressed to consular in Tokyo

and in from consular in London.

"Japanese samples forwarded with our letter to

eleventh have all been sold in quantity in London

THE COMMISSIONER: And what to exhibit 400.

MR. MOHR: I am not prepared to cross-examine on

that.

MR. DICK: I was just going to ask the witness if

he knew anything more about it than the telegram itself

says and I think his answer will be no.

MR. MOHR: Small quantities or large quantities?

MR. DICK: In quantities.

MR. MOHR: Well, I know,--

MR. DICK: That is alright; we are giving it in

for what it is worth.

BY MR. MOHR: Was you present at the

the Commission; for me, let me see that

telegram.

BY MR. MOHR: O. -- of the Minister of Trade and

Commerce, the Minister of Finance and the Minister of

National Revenue? A. I was.

Q. You were present there? A. Yes.

Q. And I see in your letter that you state that

were told that it was possible to restore some samples

but if circumstances warranted? A. Yes.

Q. What was made clear to you at the time?

A. Yes.

Q. Mr. Gordon was present at the time? A. Yes.

Q. So that you were evidently in conference with Mr. Gordon and Mr. Dawson and Mr. Tolmie and these gentlemen before you wrote this letter? A. As sales

manager of Courtaulds naturally I make a practice to be if not in daily contact, at least weekly contact --

Q. Mr. Taylor, I don't know any reason why you should make an excuse for it, or anything else. I just asked you one question. I said you were in contact with them? A. Yes.

Q. And evidently the answer to that is yes?

A. Yes.

Q. You were discussing the subject matter of Japanese competition or possible competition with them?

A. Yes, that is correct.

Q. And then as a result of your conferences you determined to write a letter to Mr. Gratwick in England?

A. Right.

Q. Now, from time to time you have been good enough at our request, or we might say demand, to furnish us with statistics as to your yarn sales and we have produced them a little informally; the statistics you have been giving us and have given us on that matter are correct? A. Yes.

Q. Alright, that is all -- oh, there is just this. It is a fact that after the 15th of July, 1935 your yarn sales climbed very rapidly? A. That is a fact.

Q. Climbed month by month rapidly? A. Until

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...that is all -- oh, there is just this

Item : 2 Subdivided ground of about 60000 sq. ft.

the month of December; then they started to recede.

Q. Well, we have got evidence there was the biggest stock on hand in the trade that there had ever been in woven goods in the month of December. It had reached the climax by a million yards or something like that, it was a lot anyway. Now that was due, was it not, largely to this fact that when the surtax was put on Japanese goods it applied to raw silk which emanated from Japan? Well, I will start off, that was a fact, was it not? A. Personally I would say only a very minor factor.

Q. I say it was a fact that raw silk, all raw silk that was consumed in Canada emanated from Japan? A. 99% of it as far as I know.

Q. 99% of it, and when the surtax was put on there was a 50% ad valorem duty put on raw silk; that is correct? A. That is correct.

MR. HOOPER: 33-1/3.

MR. McRUER: 33-1/3% ad valorem duty put on raw silk.

THE COMMISSIONER: To refresh my memory, when was this?

BY MR. McRUER: Q. That was on the 15th of July, was it not, 1935 --

THE COMMISSIONER: I think the Order-In-Council was issued on the 15th of July but came into effect at a later date.

MR. McRUER: Came into effect about the first week in August. Well now, the silk mills began to change then very rapidly from producing silk, that is, real

the month of December; then they started to receive.

A. Well, we have got evidence there was the

biggest attack on hand in the sense that there had a

been in woven goods in the month of December. It had

reached the climax by a million yards or something like

that, it was a lot anyway. Now that was one, was it

not, largely to this fact that when the market was put

on Japanese goods it applied to raw silk which came

from Japan? Well, I will start off, that was a fact,

was it not? A. Personally I would say only

a very minor factor.

A. I say it was a fact that raw silk, all raw

silk that was consumed in Canada originated from Japan?

A. 99% or it as far as I know.

A. 99% of it, and when the market was put on the

was a 50% ad valorem duty put on raw silk; that in

correctly A. That is correct.

MR. HODGINS: 33-1/3.

MR. HODGINS: 33-1/3 ad valorem duty put on raw

silk.

THE COMMISSIONER: To refresh my memory, when was

that?

BY MR. HODGINS: That was on the 1st of July,

was it not, 1935 --

THE COMMISSIONER: I think the Order-in-Council

was issued on the 1st of July but came into effect

at a later date.

MR. HODGINS: Came into effect about the first week

in August. Well now, the silk mills began to

then very rapidly from producing silk, that is, wool

silk, to producing rayon goods?

A. In some cases, but the largest consumers even ~~had~~ prior to that date were using, from memory, 70 to 75% rayon prior to that date.

5 Q. I know, but we have reports from the silk mills and I am going to have them all filed so we don't need to be in doubt about it. The amount of rayon goods produced by members of the Silk Association, which were the mills producing silk, jumped very rapidly? A. Yes.

10 Q. And your sales of yarn to these people jumped rapidly? A. Yes.

Q. In the last six months of 1935?

15 THE COMMISSIONER: You are nodding your head; you mean yes, do you? A. Yes.

Q. The reporter must take it down.

20 BY MR. McRUER: Q. Well, what were these silk mills to do when they had 33-1/3% put on their raw silk? What were they to do except, if they were going to keep their mills going, except go into rayon?

A. I understand that quite a number of them had the foresight to get their raw silk in prior to the date the surtax went on.

25 Q. And then we find that by December the stocks on hand had reached the maximum and that would lead us to believe that as their raw silk ran out they had gone more heavily into rayon, would it not?

A. That would be a fair indication.

30 Q. And as a matter of fact, you were very active during these months trying to get them into rayon?

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Q. In case
silk, to producing rayon goods?
cases, but the largest consumers even now prior to
that date were using, from memory, 70 to 75% rayon
prior to that date.

Q. I know, but we have reports from the silk
mills and I am going to have them all filed so we
don't need to be in doubt about it. The amount
of rayon goods produced by members of the Silk
Association, which were the mills producing silk,
jumped very rapidly? A. Yes.

Q. And your sales of yarn to these people jumped
rapidly? A. Yes.

Q. In the last six months of 1937?
Q. That is, you are saying, your head, you
mean yes, do you? A. Yes.

Q. The reporter must take it down.
BY MR. McNEIL: A. Well, what were these silk
mills to do when they had 33-1/2% put on their raw
silk? What were they to do except, if they were
going to keep their mills going, except go into rayon?

A. I understand that quite a number of them had the
forethought to get their raw silk in order to the date

Q. And then we find that by December the stocks
on hand had reached the maximum and that would lead
us to believe that as their raw silk ran out they
had gone more heavily into rayon, would it not?
A. That would be a fair indication.

Q. And what is your estimate of the amount of rayon
these mills were trying to produce?

A. That is correct.

Q. Yes, alright.

THE COMMISSIONER: This clock is nearly ten minutes fast.

5 MR. McRUER: Alright, Mr. Gordon.

G. BLAIR GORDON, recalled,

EXAMINED BY MR. McRUER:

10 Q. Mr. Gordon -- I wonder if I might just have Mr. Gordon stand down for a moment. I have something I want to prove before I proceed. Mr. Berry.

W. M. BERRY, recalled,

15 EXAMINED BY MR. McRUER:

Q. Mr. Berry, I show you a file of reports, monthly reports of the Silk Association to their members on the production during the year 1935 and 1936? A. And December, 1934.

20 Q. And December, 1934; you procured this for me, it comes from your files? A. Yes.

Q. Alright.

BY THE COMMISSIONER: Q. Tell me again what it is?

25 A. The production of fabrics of silk together with production of fabrics of artificial silk or combinations of those two by a group of mills who report to our Association.

Q. For what period? A. From December 1934 to April 1936.

30 MR. McRUER: It is for the months of December, 1934 to the months of April, 1936, inclusive.

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8827

A. That is correct.

Q. Yes, it is.

THE COMMISSIONER: This clock is nearly ten minutes

Test.

MR. MONTGOMERY: All right, Mr. Gordon.

THE COMMISSIONER: Now, Mr. Gordon,

EXAMINED BY MR. MONTGOMERY:

Q. Mr. Gordon -- I wonder if I might just have

Gordon stand down for a moment. I have something

I want to move before I proceed. Mr. Berry.

W. M. BERRY, recalled,

EXAMINED BY MR. MONTGOMERY:

Q. Mr. Berry, I show you a file of reports,

monthly reports of the Silk Association to their

members on the production during the year 1933 and

1934. A. And December, 1934.

Q. And December, 1934; you produced this for me,

it comes from your files? A. Yes.

Q. All right.

BY THE COMMISSIONER: Well, we again want to ask

Q. The production of fabrics of silk together with

production of fabrics of artificial silk or combined

of these two by a group of mills who report to our

Association.

Q. For what period?

A. From December,

1933. It is for the months of December, 1933.

THE COMMISSIONER: Exhibit 436.

EXHIBIT NO. 436: Production reports
of Silk Association
reporting members.

5

G. BLAIR GORDON, recalled,

EXAMINED BY MR. McRUER:

10

Q. Mr. Gordon, I suppose you were aware of the fact that when the Japanese surtax was put on Japanese goods that it made the purchase of raw silk from Japan practically prohibitive? A. Yes. When it was put on I did not know at first whether it applied against raw silk and I took steps to find out.

15

BY THE COMMISSIONER: Q. You did not know what? A. I did not know whether it would apply against raw material such as raw silk and I took steps to find out and I found out that it did.

20

BY MR. McRUER: Q. Yes, and that brought about a situation that the silk weavers in Canada were without the raw material with which to carry on their business unless they had been able to store up some to carry on? A. Yes, or unless they paid the landed cost, whatever it amounted to.

25

Q. And that would be a 33% duty on their raw material which heretofore had been free?

A. I understand that is the way it worked out, yes.

Q. And one of the substantial purchases that Canada made from Japan before that was raw silk?

30

A. Yes.

THE COMMISSIONER: Exhibit A36.

EXHIBIT NO. A36:

Information reports
of silk Association
reporting members.

EXAMINED BY MR. ROBERT:

Q. Mr. Gordon, I suppose you were aware of the

goods that it made the purchase of raw silk from

it was put on I did not know at that time whether it
applied against raw silk and I took steps to find

BY THE COMMISSIONER: Q. You did not know what?

A. I did not know whether it would apply against raw
material such as raw silk and I took steps to find
out and I found out that it did.

BY MR. ROBERT: Q. Yes, and that brought about

a situation that the silk reavers in Canada were
without the raw material with which to carry on their
business unless they had been able to store up some
to carry on?

Q. Yes, or unless they

paid the landed cost, whatever it amounted to.

Q. And that would be a 32% duty on their raw

material which heretofore had been free?

A. I understand that is the way it worked out, yes.

Q. And one of the substantial purchases that

Canada made from Japan before that was raw silk?

Q. Although it came through the United States and is not shown in our trade statistics as an import from Japan?

A. Yes, it came in that way as being more convenient way.

5

Q. Mr. Hooper explained to us why that was --

THE COMMISSIONER: Mr. McRuer, could we know whether anybody asked for this duty on this raw material, how it came to be imposed?

MR. McRUER: I will try and find that out.

10

Q. Now, the situation that had developed in the mid-summer of 1935 was this that our exports to Japan for the year 1934 had been \$16,475,000?

A. For the whole year, was it?

15

Q. For the whole year? A. Yes.

Q. That is for 1934 --

THE COMMISSIONER: Exports of all goods?

MR. McRUER: Of all goods to Japan had been \$16,475,000. Our imports according to the statistical figures had been \$4,424,000, but in fairness --

20

THE COMMISSIONER: Mr. McRuer, in regard to that, can you tell me is it shown there what the value of the pulp was in our exports to Japan?

MR. McRUER: No, not in this. I can procure it for you. It is in the trade and commercial statistics that we had taken out of the book.

25

THE COMMISSIONER: Well, we had the quantities, I just wondered whether the value was given.

MR. McRUER: This is all the statistics that we have here but Mr. Rene will get it for me.

30

To this figure of \$4,424,000 should be added the

Although it came through the United States

and is not shown in our trade statistics as an import

from Japan. A. Yes, it came in that way.

as being more convenient way.

The Government is not sure of it.

Mr. C. M. ... Mr. ...

... the ...

material, but it came to be imported.

Mr. ... I will try and find that out.

... the situation that had developed in

the mid-summer of 1914 and this was our exports to

Japan for the year 1914 had been \$16,476,000.

... the ...

... for the whole year?

A. Yes.

... for 1914 --

... of all goods?

Mr. ... of all goods to Japan had been

\$16,476,000. Our imports according to the statistics

of figures had been \$4,421,000, but in 1914 --

THE ... Mr. ... is reported to have

seen you will see it shown there, and the value of

the ship was in our exports to Japan.

... not in this. I can promise it

for you. It is in the ...

that we had taken out of the bank.

... the ...

... the ...

... the ...

... the ...

... the ...

figure of \$2,753,000 being raw silk from Japan?

A. Correct.

Q. It eminated from the United States?

A. Yes.

5 Q. And should be shown in fairness, I think, when we are dealing with our trade with Japan so that our total imports from Japan for the year 1934 amounted to in round figures \$7,100,000 according to my total.

10 A. There may have been some other things come in directly, of course, I don't know.

Q. Well, this is the total that I have received out of some of the files --

THE COMMISSIONER: That is for 1934?

MR. McRUER: 1934.

15 THE COMMISSIONER: The balance of trade was in our favour in the amount of about \$9,000,000?

MR. McRUER: Yes. Then, according to this table in the meantime that surtax was on for nearly five months of the year and our imports from Japan or 20 our exports to Japan, rather, for the year 1935 were \$14,915,000.

A. That was for the full

year?

25 Q. Yes, for 1935, but for five and a half months of that year there was a surtax on in Japan as well as in Canada which would materially cut down these exports for this five months.

THE COMMISSIONER: A surtax on all Canadian imports?

30 MR. McRUER: On Canadian imports.

THE WITNESS: I don't know just how the Japanese

July

1955

figure of \$2,728,000 being now all from Japan?

A. Yes.

Q. Is estimated from the United States?

A. Yes.

Q. And should be there in balance, I think, was we are dealing with our trade with Japan so that our total imports from Japan for the year 1954 amounted to in round figures \$7,100,000 according to my total.

A. There may have been some other things come in

directly, of course, I don't know.

Q. Well, this is the total that I have received

out of some of the files --

THE COMMISSIONER: That is for 1954?

Q. Yes; 1954.

THE COMMISSIONER: The balance of trade was in

our favour in the amount of about \$2,000,000?

Q. Yes, that is correct, about \$2,000,000.

in the meantime that surplus was on for nearly five

months of the year and our imports from Japan or

our exports to Japan, rather, for the year 1954

was \$11,728,000. That was for the full

year.

Q. Yes, for 1954, but for five and a half months

of that year there was a surplus on in Japan as well

as in Canada which would materially cut down these

exports for this five months.

THE COMMISSIONER: A surplus on all Canadian

exports?

Q. Yes, that is correct, a surplus on all Canadian

exports for the five months.

6531

Gordon

worked their extra tax. I don't know whether it applied to everything or just the things they wanted it to.

5 THE COMMISSIONER: Let us clear that up. The Japanese surtax to which you refer applied to all Canadian goods?

MR. McRUER: Mr. Hooper tells me as far as he knows it did.

10 THE COMMISSIONER: Did our surtax against Japan apply to all Japanese goods?

MR. McRUER: Yes.

THE WITNESS: I think that is why it included raw materials, sir, that you asked about.

15 THE COMMISSIONER: I see, it covered everything. That went on for five months apparently.

MR. McRUER: Are they calendar years of fiscal years from the statistical department --

20 THE COMMISSIONER: They are calendar years what you have here?

MR. McRUER: Well, I am not sure.

THE COMMISSIONER: Can you find out for these five months?

25 MR. McRUER: Yes, we will get that from the statistical department in detail. At any rate, without going into the details of it we have \$14,915,000 nearly \$15,000,000 worth of goods being exported to Japan notwithstanding that it was a year of trade war, and we have imports from Japan together with the raw silk of about \$8,000,000. Now, the attitude of the Japanese government was this --

30

6531

6531

worked their extra tax. I don't know whether it
applied to everything or just the things they wanted
it so.

THE COMMISSIONER: Let me clear that up. The
Japanese entered to which you refer applied to all
Canadian goods?

MR. ROBERTS: Mr. Roberts tells me as far as he knows
it did.

THE COMMISSIONER: Did our entry against Japan
apply to all Japanese goods?

MR. ROBERTS: Yes.

THE COMMISSIONER: I think that is why it included new
articles, etc., that you asked about.

THE COMMISSIONER: I see, it covered everything.
That went on for five months apparently.

MR. ROBERTS: Are they calendar years or fiscal
years from the statistical department --

THE COMMISSIONER: They are calendar years.
You have none?

MR. ROBERTS: Well, I am not sure.

THE COMMISSIONER: Can you find out for these five

MR. ROBERTS: Yes, we will get that from the

Commissioner's department, is that right?

MR. ROBERTS: Yes, that is right.

THE COMMISSIONER: Very good, thank you very much.

MR. ROBERTS: Yes, thank you very much.

THE COMMISSIONER: Very good, thank you very much.

MR. ROBERTS: Yes, thank you very much.

THE COMMISSIONER: Pardon me. I am very curious to know as between these two surtaxes when each of them came into effect respectively, and which one operated first.

5 MR. McRUER: Well, the Japanese was put on first, my lord. The Japanese said "here, this is all out of balance, and we want to negotiate"--

THE COMMISSIONER: What is out of balance?

MR. McRUER: The trade is all out of balance.

10 THE COMMISSIONER: Had anything happened lately to put that out of balance?

MR. McRUER: It had been running out of balance for several years.

THE COMMISSIONER: Against Japan?

15 MR. McRUER: Against Japan.

THE COMMISSIONER: So they began with their surtax.

MR. McRUER: So they said "we want to have some adjustment made, our currency is depreciated; you have a fixed valuation, a currency valuation in Canada and we want the currency valuation reduced, we cannot get any goods into Canada." And they could not get anywhere with it. Then they said "we are going to put a surtax on Canadian goods and see if that won't bring you to time".

20 THE COMMISSIONER: Was that 53-1/3%?

MR. McRUER: What was the surtax in Japan?

MR. HOOPER: 50%.

THE COMMISSIONER: When did it become effective?

30 MR. McRUER: The 15th of July.

THE COMMISSIONER: The action taken by the Canadian

THE COMMISSIONER: I am very anxious to know as between these two matters when each of them came into effect respectively, and which one operated first.

MR. MORTIMER: Well, the Japanese was put on line, my lord. The Japanese said "here, this is all out of balance, and we want to negotiate" --

THE COMMISSIONER: What is out of balance?

MR. MORTIMER: The trade is all out of balance.

THE COMMISSIONER: Had anything happened lately to put that out of balance?

MR. MORTIMER: It had been running out of balance for several years.

THE COMMISSIONER: Against Japan?

MR. MORTIMER: Yes, my lord.

THE COMMISSIONER: So they began with their surplus?

MR. MORTIMER: So they said "we want to have some adjustment made, our currency is depreciated; you have a large surplus; we want to have it reduced."

THE COMMISSIONER: And they could not get any goods into Canada?

MR. MORTIMER: Then they said "we are going to put a surtax on Canadian goods and see if that won't bring you to time."

THE COMMISSIONER: Was that 35-1-10?

MR. MORTIMER: What was the surtax in Japan?

MR. MORTIMER: 30%.

THE COMMISSIONER: When did it become effective?

MR. MORTIMER: The 1st of July.

THE COMMISSIONER: The surtax came in the summer?

MR. MORTIMER: Yes, my lord.

THE COMMISSIONER: The surtax came in the summer?

MR. MORTIMER: Yes, my lord.

THE COMMISSIONER: The surtax came in the summer?

MR. MORTIMER: Yes, my lord.

THE COMMISSIONER: The surtax came in the summer?

MR. MORTIMER: Yes, my lord.

government was a retaliation?

MR. McRUER: Was a retaliation for the action taken by the Japanese government.

5 THE WITNESS: I think there is just one point there that perhaps his lordship should be informed on, and that was at some stage in these proceedings the Canadian Government offered to reduce the fixed valuation or rather the currency valuation of the yen from the standard of 49.85 to 41½, and they left that offer open. In fact, they said it will go into effect as soon as you abandon this trade war but they did not offer to take off any of the section 43 valuations of \$1.25 on rayon, and other valuations.

10 BY MR. McRUER: Q. I think they actually did reduce the currency valuation? A. Yes, they did.

15 BY THE COMMISSIONER: Q. I am told that the Japanese Order-In-Council came into effect on July 15th, and our Order-In-Council was passed the same day? A. Our offer may have been made at any time, sir, either before or after that date. In fact, as Mr. McRuer says, it did go into effect.

20 MR. McRUER: The currency valuation, Mr. Hooper tells me -- well, we will get the whole story from him. The Orders-In-Council are in. We filed them. We have them here, yes, exhibit 140, which is the departmental memorandum of surtax on Japanese goods.

25 BY THE COMMISSIONER: Q. I gather from all that that the Canadian offer to reduce the valuation of the yen took place before the Japanese surtax was imposed?

Gordon,

6503

Government was a retaliation?

MR. MERRIN: Was a retaliation for the action

taken by the Japanese Government.

THE CHAIRMAN: I think that is just what you

mean there that perhaps his lordship should be informed

on, and that was at some stage in these proceedings

the Canadian Government offered to reduce the fixed

valuation or rather the currency valuation of the yen

from the standard of 49.85 to 41g, and they left that

offer open. In fact, they said it will go into

effect as soon as you abandon this trade war but

they did not offer to take off any of the section

45 valuations of \$1.25 on rayon, and other valuations

BY MR. MERRIN: I think they seem to be

reducing the currency valuation? A. Yes, they

did.

BY THE CHAIRMAN: I am told that the

Japanese Order-in-Council came into effect on July

15th, and our Order-in-Council was passed the same

day? A. Our offer may have been made at any

time, sir, either before or after that date. In fact

as Mr. Merrin says, it did go into effect.

MR. MERRIN: The currency valuation, Mr. Merrin

says we will not be able to do that until we

The Order-in-Council are in. We filed them. We

have them here, yes, exhibit 140, which is the

separate memorandum of tariff on Japanese goods.

MR. MERRIN: I rather from all that

that the Government offer to reduce the valuation of

you had place before the Japanese tariff was lowered

A. That is what I don't quite know. I know the thing was done.

Q. It was not good enough for them, anyway.

MR. McRUER: Mr. Hooper says it is his recollection --

THE WITNESS: It became effective, sir, but it did not satisfy them.

BY MR. McRUER: Q. At any rate, it didn't satisfy the Japanese government? A. No.

Q. And Canada was in this position, they had a customer buying from them twice as much as Canada was buying from that customer? A. That is what your figures show.

Q. Well, it had run on that way for years, sometimes more than that? A. I don't know how long it had been running.

Q. I will give you 1933. The total sales including -- the total purchase including raw silk were \$7,100,000 -- A. Does that include the indirect?

Q. Yes, that includes the raw silk and everything. The direct purchases were \$3,128,000. The sales to Japan were \$13,000,000 and in 1932 the purchases were \$10,700,000 and the sales \$11,900,00, fairly even there. 1933, 1934 and 1935, it was getting worse than ever, because in 1935 with the war on our sales to Japan were nearly \$15,000,000. A. It would appear that certain of our products were very necessary to them.

Q. Well, I am getting the facts.

MR. GEOFFRION: He doesn't know them.

Q. And that is what I don't quite know. I know she

• I was not good enough for them, and they

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and it is just as for him

BY THE COURT: JAMES M. HARRIS, JR., Clerk.

And Canada was in this position, they had

.. Now, it had to be that way for years, didn't it?

MR. BALLANTYNE: Over 40 years it was in favour of Japan most of the time. He doesn't know about it.

MR. McRUER: Please, this witness knows what he knows and what he doesn't know, surely, please.

5 He has given evidence about a lot of things that I don't think he knows much about, with due respect.

A. I hope not, Mr. McRuér.

MR. GEOPTRION: That is not a very nice thing to say.

10 MR. McRUER: Referring to the Order-In-Council to get the dates clear, my lord, which is P.C. 2108 dated the 22nd of July, 1935 and the recital is as follows:

15 "Whereas the Government of Japan, contrary to the provisions of Article VII of the Treaty of Commerce and Navigation, of the 3rd April, 1911, between His Majesty the King and the Emperor of Japan, which has been in force between Canada and Japan since the 1st May, 1913, has seen fit to impose upon certain commodities comprising the principal exports of Canada to Japan a discrimin-

20 atory surtax of 50% ad valorem, effective July 20th, 1935,

And whereas Section 7 of the Customs Tariff provides, inter alia:

25 (1) Goods imported into Canada the product or manufacture of any foreign country which treats imports from Canada less favourably than those from other countries, may be made subject by order of the Governor in Council in the case of goods already dutiable to a surtax over and above

30 the duties specified in Schedule A to this Act,

THE EXHIBIT: THE EXHIBIT IS THE EXHIBIT

MR. MOHRER: Please, this witness knows what he
known and what he doesn't know, surely, please.
He has given evidence about a lot of things that I
don't think he knows much about, with due respect.

A. I have not, Mr. Mohrer.

MR. MOHRER: That is not a very nice thing to
MR. MOHRER: Referring to the Order-in-Council to
get the dates clear, my lord, which is P.C. 2108 dated
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provisions of Article VII of the Treaty of
Commerce and Navigation, of the 3rd April, 1911,
between His Majesty the King and the Emperor of
Japan, which has been in force between Canada and
Japan since the 1st May, 1913, has seen fit to
impose upon certain commodities comprising the
principal exports of Canada to Japan a discrimi-
natory tariff of 50% ad valorem, effective July

provided, inter alia:

(1) Goods imported into Canada the product or
manufacture of any foreign country other than
Japan (the Goods) shall be subject to the duties
from other countries, and be made subject by
the duties specified in Schedule A to this Act

"and in the case of goods not dutiable to a rate of duty, not exceeding, in either case, thirty-three and one-third per centum ad valorem.

And whereas it is deemed desirable that the date of the entry in force of an Order made pursuant to the provision of the said Section 7 of the Customs Tariff should be fixed to exempt from the operation of the Order goods presently in transit from Japan to Canada"--

So this was put into effect, my lord, as follows:

"On importations into Canada, on and after August 5th, 1935, be subject to the following Tariff treatment (a) goods dutiable as of August 3, 1935, at the rates specified in Schedule A to the Customs Tariff:- to be subject to a surtax of 33-1/3% ad valorem, over and above the duties specified in said Schedule A. (b) Goods duty-free as of August 3rd, 1935:- to be subject to a duty of 33-1/3% ad valorem."

THE COMMISSIONER: Now, we will adjourn until -- that clock is ten minutes fast according to the time I have so it will be ten after two by this clock.

MR. McRURER: But two o'clock by our correct time.

-- The Commission adjourned at 12.30 p.m. to resume at 2 p.m.

(page 6535 follows)

6554-B

THE FOLLOWING IS A SUMMARY OF THE MATTER:

of duty, not exceeding, in either case, thirty-three and one-third per centum ad valorem.

And whereas it is deemed desirable that the

rate of the duty in force of an Order made pursuant to the provision of the said Section 7 of

the Customs Tariff should be fixed to exempt from the operation of the said Order

the following goods:

"on importation into Canada, on and after August

1st, 1935, be subject to the following tariff

treatment (a) Goods dutiable as of August 1, 1935

at the rates specified in Schedule A to the

Customs Tariff:-- to be subject to a duty of

35-1/3% ad valorem, over and above the duties

specified in said Schedule A. (b) Goods dutiable

free as of August 1st, 1935:-- to be subject to a

duty of 35-1/3% ad valorem."

THE COMMISSIONER: Now, we will adjourn until --

that clock is ten minutes past according to the time

I have so it will be ten after two by this clock.

MR. MEMORANDUM: But two o'clock by our correct time.

-- The Commission adjourned at 12.30 p.m. to resume at 2 p.m.

(page ends follows)

--The Commission resumed at 2 p.m.

G. BLAIR GORDON, recalled

EXAMINED BY MR. McRUER:

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Q. Now, just leading up to what I wanted to discuss with you, I want to read into the record - and I would be glad if you will follow me as I do so - an extract from the Trade of Canada, a publication by the Statistical Department of the Department of Trade and Commerce. This deals with summary of the trade of Canada with principal countries and I am taking the summary of the Trade between Canada and Japan for the last 15 years commencing with the year 1922? A. Are those the chief articles or everything?

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Q. Everything? The imports from Japan for 1922 were \$8,194,000; the exports to Japan were \$14,831,000. In 1923 the imports from Japan were \$7,211,000; the exports to Japan were \$14,510,000-- A. It just occurred to me - does this include the silk from the States?

25
Q. They will at this time. I do not think the silk came from the States until 1931 or 1932? A. Well, I don't know about that.

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Q. I think that is a fact. It was due to an excise tax that was put on and if they came in through the United States--

THE COMMISSIONER: Put on in Japan?

--The Commission resumed at 2 p.m.

Mr. J. H. ...

MINISTER OF TRADE AND COMMERCE

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Q. Now, just leading up to what I wanted to

discuss with you, I want to read into the record

and I would be glad if you will follow me as I do

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tries and I am taking the summary of the trade

between Canada and Japan for the last 15 years com-

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encing with the year 1923. A. Are

those the chief articles or everything?

Q. Everything. The imports from Japan for

1923 were \$8,194,000; the exports to Japan were

\$14,831,000. In 1928 the imports from Japan were

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\$17,211,000; the exports to Japan were \$14,510,000--

A. It just occurred to me - does this include the

silk from the States?

Q. They will at this time. I do not think

the silk came from the States until 1921 or 1922?

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A. Well, I don't know about that.

Q. I think that is a fact. It was due to an

excise tax that was put on and it only came in

from the United States--

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MR. McRUER: No, Canada.

THE COMMISSIONER: Excise Tax put on Japanese goods?

MR. McRUER: I don't know about that. That switched the importations so that they came to New York and they were then imported--

THE COMMISSIONER: Whatever the excise was did not apply to goods of American origin.

MR. McRUER: It must not.

MR. WHITELEY: The silk figures will be in that section, in the other part, you can check them.

MR. McRUER: Q. It becomes quite evident as I go along when the imports fall down quickly I think that indicates the raw silk as dropped out. In 1923 the imports were 7,211,000 dollars; the exports to Japan were 14,510,000 dollars. In 1924 the imports \$6,298,000; exports \$26,991,000. In 1925 imports \$6,985,000; exports \$22,046,000. In 1926 imports \$9,564,000; exports \$34,696,000. In 1927 imports \$11,170,000; exports \$29,929,000. In 1928 imports \$12,505,000; exports \$32,968,000. In 1929, imports \$12,929,100; exports \$42,099,000. In 1930, imports \$12,537,000; exports \$30,475,000. In 1931, imports \$9,342,000; exports \$18,958,000. In 1932, imports \$5,990,000; exports \$16,550,000.

THE WITNESS: What was the figures we had this morning for 1932 that were 10,000,000 and \$11,000,000. The exports were \$11,000,000 according to your list this morning I think, at that same point.

THE COMMISSIONER: Excise tax put on Japanese

goods?

MR. MONTAGUE: I don't know about that. That

switched the importations so that they came to New

York and they were then imported--

THE COMMISSIONER: Whatever the excuse was

did not apply to goods of American origin.

MR. MONTAGUE: It must not.

MR. WHITEHEAD: The silk figures will be in that

section, in the other part, you can check them.

MR. MONTAGUE: It is a somewhat quite evident as

to go along when the imports fall down slightly

which that indicates the raw silk as dropped out.

In 1923 the imports were 7,211,000 dollars; the

exports to Japan were 14,510,000 dollars. In 1924

the imports were 6,228,000; exports 22,221,000. In

1925 imports 6,228,000; exports 22,221,000. In

1926 imports 6,228,000; exports 22,221,000. In

1927 imports 11,140,000; exports 22,221,000.

In 1928 imports 12,508,000; exports 22,221,000.

In 1929 imports 12,508,000; exports 22,221,000.

In 1930 imports 12,508,000; exports 22,221,000.

In 1931 imports 12,508,000; exports 22,221,000.

In 1932 imports 12,508,000; exports 22,221,000.

THE COMMISSIONER: That was the figures we had this

morning for 1932 that were 10,000,000 and 21,000,000

The exports were 11,000,000 according to your list

the imports were 12,508,000

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MR. McRUER: Yes, I see in this Table exports, products all previous to the Japan calender year.

MR. WHITELEY: That is the calender year.

MR. McRUER: This will be the fiscal year.

THE WITNESS: They are both twelve months, though.

MR. McRUER: Yes, but maybe different twelve months. However, what I said this morning I would not feel awful because I think it comes from the files of the Textile Institute; this comes from the Statistical Department.

THE WITNESS: I am sorry I asked that. I think, to be fair to the Textile Institute, the figures you had this morning were only chief exports.

Q. No, it says "full exports". What I am reading from this afternoon I am reading from the Government publications. Now, for 1933, imports \$3,860,000; exports \$10,327,000. 1934, imports \$3,311,000; exports \$13,802,000. 1935, imports \$4,424,000; exports \$16,935,000.

THE COMMISSIONER: Would you divide that here into the first seven and last five months?

MR. McRUER: Yes, I will. I will have to get it from Ottawa.

THE COMMISSIONER: You have not got it today?

MR. McRUER: No, there is a Blue Book which will contain it. However, these figures are subject to the comment that for the years 1932, 1933, 1934 and 1935 as I understand it, the raw silk was being

imported through the United States and the figures that I gave here for the raw silk imported through the United States was: 1932, \$5,339,000.

5 THE COMMISSIONER: Pardon me, do you know if that was all Japanese raw silk?

MR. McRUER: No. Well, it says "from Japan purchased by Canada in the United States," if this title is correct. 1933, \$2,109,000; 1934, \$2,630,000; 1935, \$2,916,000.

10 Q. Now, a suggestion was made this morning that the heavy adverse balance between Canada and Japan only existed for a few years. These figures show quite conclusively that it has existed for at least 15 years? A. Yes.

THE COMMISSIONER: Q. That is, adverse to Japan? A. Yes. If I remember rightly what you read, perhaps the year 1924 there where silk was included in the imports from Japan the balance was a great deal more adverse than it has been in recent years.

20 Q. 1924? A. I don't remember exactly - between 1924 and 1928.

Q. 1924 was a pretty bad one, there is no question about that. Our imports were \$8,000,000 and our exports \$26,000,000? A. And that \$8,000,000 included silk at that time, all silk at that time.

30 Q. Our exports were about four times as much as our imports? A. Yes.

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imported from the United States and the figures
that I have here for the raw silk imported through
the United States were: 1932, \$2,350,000.

THE COMMISSIONER: I asked you, do you know if

that was all Japanese raw silk?

Mr. [illegible]: No, it is not all from Japan.

procured by Canada in the United States," is this
figure is correct. 1933, \$2,100,000; 1934,
\$2,050,000; 1935, \$2,000,000.

Q. Now, a suggestion was made this morning that

the heavy adverse balance between Canada and Japan

only existed for a few years. These figures show

quite conclusively that it has existed for at least

15 years? A. Yes.

THE COMMISSIONER: That is, adverse to Japan?

A. Yes. If I remember rightly what you read, per-

haps the year 1934 there where silk was included

in the imports from Japan the balance was a great

deal more adverse than it has been in recent years.

Q. I don't remember exactly -

between 1934 and 1935.

Q. 1934 was a pretty bad one, is it not?

Commissioner: That. Our imports were \$2,000,000

and our exports \$2,000,000. A. And that

\$2,000,000 included silk at that time, all silk at

Q. Now, I have had the matter looked up for the years 1934 - 1935 in regard to exports of pulp wood to Japan and I find that we exported in 1934 \$1,653,000 wood pulp to Japan and in 1935, which must be taken only as a partial year, \$1,471,000.

Now, Mr. Gordon, having in mind that in 1933 the Japanese government took the attitude that we are a purchaser from Canada over a period of 15 years of two, three and sometimes four times as much in value in goods as Canada buys from us and they said: we want some adjustment of this. They said - the currency valuation that you have is against us and we cannot sell in Canada. I think that is substantially what took place?

A. Yes.

Q. Then, Japan not getting any satisfaction put on a surtax, and that stopped all of Canada's export which in that year up until that time had amounted to \$14,000,000 about.

A. Well, did it?

Well, there was none went in after the surtax was put on over 50%?

A. I don't know; it may have.

THE COMMISSIONER: In any event there was no pulp wood.

THE WITNESS: No, we found that yesterday.

MR. McRUER: Q. We lost our pulp market completely that we had. What do you suggest under those circumstances, when Japan said 'I am going to stop buying from you because you don't buy from me in

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Q. Now, I have had the matter looked up for
the years 1934 - 1935 in regard to exports of pulp
wood to Japan and I find that we exported in 1934
11,250,000 cubic feet to Japan and in 1935, which
must be taken only as a partial year, 11,471,000.
Now, Mr. Gordon, having in mind that in 1935 the
Japanese Government took the attitude that we are a
purchaser from Canada over a period of 15 years of
two, three and sometimes four times as much in value
in goods as Canada buys from us and they said:

We want some adjustment of this. They said - the
amount of adjustment that we have is against us and
we cannot sell in Canada. I find that is where
initially what took place?

A. Yes.
Q. Then, Japan not getting any satisfaction
put on a surtax, and that stopped all of Canada's
export which in that year up until that time had
amounted to \$14,000,000 about.

A. Well.
Q. Well, the 3 was some word in after the surtax
was put on over 1935.
A. I don't know; it
may have.

Q. The surtax was in any event there was no
surplus?
A. Yes, we found that yesterday.
Q. No, we found that yesterday.
A. No, we found that yesterday.
Q. No, we found that yesterday.
A. No, we found that yesterday.
Q. No, we found that yesterday.
A. No, we found that yesterday.

anything like proportion" - what do you suggest ought to be done? Lose our market for \$14,000,000 in

Japan? A. I don't know, Mr. McRuer, that I can suggest anything. What occurs to me - I wonder why Japan waited 15 years to declare war.

Q. They may have been an extraordinarily patient race, I don't know, but I am not concerned with why they waited so long. I kind of wonder too, but I am suggesting that they finally did declare war and our exports to Japan were cut off and remained cut off for several months, and you will agree that those industries that were engaged in exporting \$14,000,000, \$15,000,000 and \$16,000,000 and in one year \$29,000,000 worth of stuff and \$34,000,000 to Japan were very much interested in the fact that they were losing their entire market, would not they? A. Yes.

MR. GEOFFRION: Is not this a matter for witnesses?

THE WITNESS: I really don't know whether our Government deem it wise to enter into what I think are called unilateral trade agreements or whether they would prefer to handle the balance of trade in other ways. It is not really for me to say.

Q. No, but you are contending that no Japanese textiles ought to be allowed to be sold in Canada?

A. I don't think I said that.

THE COMMISSIONER: Well, no, that was said yesterday by Mr. Watson, not Mr. Gordon. I think you

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Gordon

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C. They may have been an extraordinarily patient race, I don't know, but I am not concerned with why they waited so long. I kind of wonder too, but I am suggesting that they finally did declare war and our exports to Japan were cut off and remained cut off for several months, and you will agree that those industries that were engaged in exporting \$14,000,000, \$15,000,000 and \$16,000,000 and in one year \$25,000,000 worth of stuff and \$34,000,000 to Japan were very much interested in the fact that they were losing their entire market, would not they? A. Yes.

MR. GORDON: Is not this a matter for witness?

THE WITNESS: I really don't know whether our Government deem it wise to enter into what I think are called unilateral trade agreements or whether they would prefer to handle the balance of trade in other ways. It is not really for me to say.

Q. No, but you are contending that no Japanese textiles ought to be allowed to be sold in Canada? A. I don't think I said that.

THE COMMISSIONER: Well, no, that was said yesterday by Mr. Watson, not Mr. Gordon. I think you

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might very properly put your hypothesis to Mr. Gordon.

MR. McRUER: Q. Do you contend that no Japanese textiles ought to be permitted to be sold in Canada?

5 A. I don't contend anything. I say it is up to the Government in Ottawa who have this thing in their hands to decide. All we can do is put the facts forward and let them decide whether they want those goods to be sold.

10 Q. You will agree it is of equal importance to the industries that are engaged in shipping to Japan that they should keep their business and keep their men employed as you would want to keep yours?

15 A. Absolutely.

Q. And that those are matters that have to be considered? A. They are matters that I cannot decide.

20 Q. You agree that they are matters that have to be considered? A. I think they are obvious.

25 Q. Did you enter into that side of the discussion at all when you were presenting the matter to the Ministers at Ottawa? A. No. I think we took it perhaps for granted that the Ministers were fully informed of our trade with Japan and they did not need to be informed by us. We were presenting our own facts.

30 Q. Well, what rate of duty do you say you ought to have on textiles or rayon we will take first, as against Japanese production?

might very properly put your hypothesis to rest.

certified ought to be permitted to be sold in Canada?

1. I don't consider anything. I say it is up to

the Government in Ottawa who have this thing in their

hands to decide. All we can do is put the facts

forward and let them decide whether they want those

goods to be sold.

2. You will agree it is of great importance to

the industries that are engaged in shipping to Japan

and they should keep their business and keep their

men employed as you would want to keep yours?

3. Absolutely.

4. And that they are not to be sold to the

United States?

cannot decide.

5. You agree that they are matters that have

to be considered?

6. Did you enter into that side of the dis-

cussion at all when you were presenting the matter

to the Minister at Ottawa?

7. I think we took it perhaps for granted that the Minis-

ters were fully informed of our trade with Japan and

they did not need to be informed by us. We were

convinced our own facts.

8. Well, what was the entry do you say you

would be made in the tariff or upon we will take

any of the points of view that you

5 A. Well, to treat it from what I perhaps should call
a theoretical basis - that is, to equalize the cost
of production of Japanese rayon and Canadian and put
them on an equal footing, say, landed at some point
10 in Canada. On that theoretical treatment you would
have to have a tariff which had a special provision
for every type of cloth. Now, that is obviously
impossible, so the only thing they can do is set
rough and ready tariff that would on the average deal
15 with the situation. I cannot say that \$1.20 a
pound fixed valuation would cover everything. It
would be too high for some and too low for others.

15 Q. What do you say ought to be the rough and
ready tariff we should have? A. Well,
I don't know the average type of cloth coming in from
Japan. I cannot tell you what it ought to be. We
can make suggestions and see how it would work out.

20 Q. After considering the matter for five months
what is your suggestion? A. One suggestion
we made--

25 Q. I want it now, I don't want the one you made
last January? Have you no other by now? A. It
would hold good now just as well.

30 Q. What was your one last January? A. I
think one was that white rayon, that the fixed
valuation should be 95¢ a pound. That dyed should
be \$1.15 and that printed and yarn dyed - I should
have said piece dyed - dyed in the piece solid colour,-

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A. Well, to treat it from what I perhaps should call
a theoretical basis - that is, to equalize the cost
of production of Japanese goods and goods made
in Canada. On that theoretical treatment you would
have to have a tariff which had a special provision
for every type of cloth. Now, that is obviously
impossible, so the only thing they can do is set
rough and ready tariff that would be on the average deal
with the situation. I cannot say that \$1.50 a
pound fixed valuation would cover everything. It
would be too high for some and too low for others.
Q. What do you say ought to be the rough and
ready tariff we should have?
A. Well, I don't know the average type of cloth coming in from
Japan. I cannot tell you what it ought to be. We
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is that I want it now. I don't want the one you made
last January. Have you no other by now?
A. It would hold good now just as well.
Q. What was your one last January?
A. I think one was that white rayon, that the fixed
valuation should be set at a pound. That dyed should
be \$1.15 and that printed and yarn dyed - I should
have said also dyed - dyed in the piece solid colors,

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that printed and yarn dye should be left at \$1.25.
I think that is almost correct. That was one type
of tariff--

5 THE COMMISSIONER: Q. Whereas up to the end of
last December it was all \$1.25? A. Yes.

MR. McRUER: Q. Now, you say it should as far
as possible equalize the cost of production in the
two countries? A. Yes.

10 THE COMMISSIONER: Before you proceed you might
just tell me what the situation is now.

A. Well, the situation so far as I know, the
basic values had not changed.

15 Q. Still a \$1.25? A. There is no valu-
ation at all now. There has not been since January
1st.

20 Q. I know what was agreed on in January 1st,
it was in general terms and did not give precise
figures? A. January 1st all fixed valuations
was wiped out.

Q. How is it working out? A. The goods
now are coming in at the invoice value increased
by the currency depreciation.

25 Q. Just those two factors? A. Yes.

MR. McRUER: Q. Increased by dumping duties
as well? A. Well, the currency depreciation
looked after both. The difference between 29 and
39 is collected as a dump and--

30 Q. No, no, you are not right on that? A. Well,
I try--

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Gordon

that printed and year the should be left to \$1.25.
I think that is honest correct. That was one type

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A. Yes.

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A. I know what was agreed on in January last,
it was in general terms and did not give precise
figures? A. January last all fixed valuations

A. The goods
C. How is it working out?
now are coming in at the invoice value increased
by the currency devaluation.

A. Just these two factors?
A. Yes.

A. Well, the currency devaluation
limited after both. The difference between \$1 and
\$2 is collected as a dump and--

C. No, no, you are not right on that. A. All
I try--

THE COMMISSIONER: The first dumping means the difference between home price and foreign price? A. Yes. They are all worked out there very clearly.

5 Q. I would like to put in the record here just what is the situation now in June of this year?

A. I will tell you exactly.

10 MR. McNER: Q. There is no change in the duties that were on in January and now - between January and now there has been no change? A. No change whatever.

THE COMMISSIONER: Q. How does the Japanese article come into the Canadian market - what has

15 it to go through? A. First of all it has to stand a dump levy.

Q. I suppose, first of all, there is general duty? A. No, the duty is not levied until they raise the goods from their 29 value to 39½.

20 Q. You mean to say on the yen? A. Yes. If the goods at the bank rate of exchange are worth 20¢, that would be 1.29¢ to the yen - that value is raised to what it works out at 29½ at the yen. That would bring it to a third more, 25 roughly, I think. Then that value is a value on which the duty of 36 ad valorem is levied. Then the 40¢ a pound specific is divided by the yards per pound of a particular goods to get the duty per 30 yard result from the 40¢ per pound specific duty.

THE COMMISSIONER: THE FIRST QUESTION
THE DISTANCE BETWEEN THE TWO IS
A. Yes, that is all right.

Q. I would like to see in the report that
the two are of the same value in the report.

A. I will tell you exactly.
MR. McLELLAN: Q. There is no change in the
values that were on in January and now - between
January and now there has been no change? A. No.

Q. First of all it has
article come into the Commission - what was
it to go through?

A. I suppose, that of all, that is the
A. Yes, the way to the first one
they take the value from the first one.

A. For each of the four
If the goods at the bank rate of exchange are
worth 20¢, that would be 2.25¢ to the yen - that
value is raised to what it works out at 25¢ at
the yen. That would bring it to a third more.
Then that value is a value on
the 40¢ a pound specific is divided by the yards
per pound of a particular fabric to get the yard
yard result from the 40¢ per pound specific duty.

Then, furthermore, on the value of the invoice they collect difference between--

Q. You say the value of the invoice? A. Yes.

Q. You mean as adjusted? A. No, as it appears. They collect difference between 29¢ to the yen and 39½¢ to the yen, they collect that dump on the value of the invoice.

Q. So that they use the depreciation twice?

A. Yes, they use it for two purposes.

MR. McRUER: Q. And then on top of that there is 3% excise? A. Yes, which applies on our raw cotton. 3% excise applies on everything that we bring in.

Q. No, the 3% excise does not apply on your rayon that you produce here? A. Well, it applies on the articles imported into the country that goes into the manufacture of those rayons. It applies on the raw cotton.

THE COMMISSIONER: But not on your output?

A. No.

MR. McRUER: Q. Now, Mr. Gordon, I would suggest that we can get along a lot better and I suggest it would be very much better for our understanding of your proposition if there were not efforts to try and confuse and hedge. Raw cotton has nothing to do with rayon at all. The 3% excise does not apply on your rayon? A. It applies on our rayon if we import it.

Then, furthermore, on the value of the invoice they

collect difference between--

Q. You say the value of the invoice? A. Yes.

Q. You mean as adjusted? A. No, as it

appears. They collect difference between 8% to the

you and 8% to the you, they collect that duty on

the value of the invoice.

Q. So that they use the depreciation twice?

A. Yes, they use it for two purposes.

MR. McNEIL: Q. And then on top of that there is

an amount, which is added on top of

the total, the excise duty on the invoice.

Right?

Q. No, the 3% excise does not apply on your way on

that you produce here? A. Well, it applies on

the articles imported into the country that goes

into the manufacture of these regions. It applies on

the raw cotton.

THE COMMISSIONER: But not on your output?

MR. McNEIL: Q. Now, I want to ask you

what we can get along a lot better and I suggest it

that be very much better for our understanding of

the proposition if there were not efforts to try and

mislead and hedge. Now cotton has nothing to do with

the 3% excise does not apply on your

it. It applies on our region it

Q. You do not import it? A. That does not make any difference. It does apply.

Q. It does not apply? A. It does apply.

Q. You buy your rayon from Courtaulds?

5 Courtaulds gets protection in order that they can produce rayon yarn in Canada. You buy your rayon yarn in Canada and there is no excise duty on it at all and if they buy all their raw material in Canada there is no excise duty--

10 THE COMMISSIONER: What do not understand is why a duty only levied on a foreign country is called an excise.

MR. McRUER: That is what puzzles.

15 THE WITNESS: It is really a revenue duty.

THE COMMISSIONER: It is in addition to the customs tariff? A. Yes.

MR. McRUER: Q. And it is a high one in this way because it applies on the duty paid value?

20 A. Yes.

Q. That is, if you take an article from Japan, adds 265% for duty, you apply your 3% excise on the sum total? A. We know that only too well from what we import, We have to pay duty and excise on top.

25 THE COMMISSIONER: Q. What do you import in connection with your rayon manufacture? A. Well, we do not manufacture yarns.

30 Q. You do not import anything? A. Yes, we

Q. You do not import it?

A. That does not make any difference. It does apply.

Q. It does not apply?

A. It does apply.

Q. You buy your raw cotton from the States?

A. Yes, you buy your raw cotton from the States.

Q. You buy your raw cotton from the States and there is no excise duty on it?

A. Yes, they pay all their raw material in the States.

Q. There is no excise duty--

A. Yes, the Commissioner: What do you understand is

the duty only levied on a foreign country is called

an excise.

Q. Now, Mr. Commissioner: That is what puzzles.

A. Yes, it is really a revenue duty.

Q. The Commissioner: It is in addition to the

excise duty.

A. Yes, Mr. Commissioner: And it is a high one in this

country because it applies on the duty paid value?

A. Yes.

Q. That is, if you take an article from Japan,

and add 35% for duty, you apply your 3% excise on the

total? A. We know that only too well from

what we import, we have to pay duty and excise on

Q. What do you import in

A. Well, in connection with your raw cotton?

A. Yes, we import raw cotton.

A. Yes, we

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import certain articles for mill consumption from England particularly, although there there is no excise tax.

5 Q. You do not import anything for your manufacturing of rayon goods? A. Yes sir, we do.

Q. And you pay that excise on it? A. If it comes from the States, yes.

10 MR. McRUER: Q. Will you give me a statement of the amount of your imports for your rayon goods over a period of five years, and how much customs duties you pay on rayon goods? A. All types of customs?

15 THE COMMISSIONER: That is the question I asked you - what you import for the purposes of the rayon manufacturing and what duty you pay? A. Well, I can think of one thing just off hand but we import a particular kind of sizing material from the United States and we will pay the regular duty on that and excise on top and 6% sales tax.

25 MR. McRUER: Q. I want to know what percentage of your output, we will say, or your raw material is imported - would it be one-tenths of 1% or one-hundredths on your raw material that is imported? A. I would rather not guess. It would not be

in the form of basic raw material but used in the--

30 Q. It is a raw material? A. Yes, anything that attaches itself or is used--

import certain articles for mill consumption from
England particularly, although there is no
excise tax.

... and you pay the excise on it?
A. Yes sir, we
facturing of rayon goods?

... and you pay the excise on it?
it comes from the States, yes.

Q. Now, will you give me a statement
of the amount of your imports for your rayon goods
over a period of five years, and how much customs
duties you pay on rayon goods?
A. All

types of customs?
THE COMMISSIONER: That is the question I asked

you - what you import for the purposes of the rayon
manufacturing and what duty you pay?
A. Well,

I can think of one thing the tariff board has we import
a particular kind of sizing material from the United

States and we will pay the regular duty on that and
excise on top and a sales tax.

Q. Now, I want to know what percentage
of your business is in the States?

is imported - would it be one-tenth of it or one-
one-hundredth on your raw material that is imported?

A. I would rather not guess. It would not be
of the kind of basic raw material but used in the--

It is a raw material?
A. Yes,

... that attaches itself or is used--

THE COMMISSIONER: Q. It is an accessory raw material? A. Yes.

MR. McRUER: There is another angle to this and that is what effect the customs duties have on burdening your industry in so far as they may apply to your raw material.

THE COMMISSIONER: Customs or excise.

MR. McRUER: Yes. As a matter of fact we do not want to go into it now but it is a subject matter we will have to go into at some time.

Q. You have put up a very strong argument against the levy of 3% excise on your raw cotton? A. Yes, we have.

Q. I have read it in these annual reports, complaints that your cotton should be subjected to 3% excise? A. Yes, we have used that point since the excise duty was taken off cotton goods coming in under the British preferential.

Q. When did the excise duty first go on raw cotton? A. Well, at the same time it went on everything. I think the excise duty was first of all 1½% put on - I don't know whether before the late government, during the term of the late government, and then increased to 3% and then on the British preference it was reduced to 1% after April 1933 and wiped out altogether in April 1934 on all goods under the British preference.

THE COMMISSIONER: On goods serving as raw material? A. No, everything, did not matter what it was.

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Q. Now, Mr. McHugh, there is another angle to this and that is what effect the various duties have on purchasing your inventory in so far as they may apply to your raw material.

A. Yes. As a matter of fact we do not want to go into it now but it is a subject matter we will have to go into at some time.

Q. You have put up a very strong argument against the levy of 8% excise on your raw cotton.

A. Yes, we have.

Q. I have read in these reports complaints that your cotton should be subjected to 3% excise?

A. Yes, we have used that point since the excise duty was taken off cotton goods coming in under the British preferential.

Q. When did the excise duty first go on raw cotton?

A. Well, at the same time it went on everything. I think the excise duty was first of all put on - I don't know whether before the late Government, but the time of the late Government, and then increased to 3% and then on the British preference it was reduced to 1%.

Q. Now, Mr. McHugh, did not matter what it

MR. McRUER: Mr. Hooper tells me first went on in 1931. 1% in April, 1931 and went from 1% to 3% by June, 1932? A. Yes, and then they started cutting down on the British preference.

5 THE COMMISSIONER: Q. Now, it does not apply to goods of British origin? A. Not at the present time.

Q. Is there anything else it does not apply to? A. Nothing else that I know of.

10 MR. McRUER: Q. Well, I take it as a business man you realize that if we are to maintain our trade with Japan we have got to buy from Japan if not a certain measure of textiles? A. No, I am afraid I have not. Perhaps I don't know enough about it to venture.

15 Q. I just want to get any suggestions you have because I think these people that are engaged in exporting to Japan are anxious to keep their business and keep their employees employed and the employees are anxious to be employed, and if you can suggest any other business we can do with Japan other than something in the textile line in order to keep the wheels turning? A. I do not see why I should make suggestions. For example, that electric lamp - Japan makes very many articles

20 but I would only be trying to advance our own interests at the expense of somebody else and I do not think it is up to me to make this suggestion.

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Gordon

Q. Now, Mr. Gordon, when did you first meet

on in 1931. It is April, 1931 and went from 15
to 25 by June, 1931. Yes, and then they

started coming down on the British preference.

Q. Now, it does not apply

to goods of British origin

present time.

Q. Is there anything else it does not apply

to? Nothing else that I know of.

Q. Now, Mr. Gordon, I take it as a business

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with Japan we have got to buy from Japan if not

a certain amount of textiles.

Q. Now, I am afraid I have not. Perhaps I don't know enough

about it to venture.

Q. I just want to get any suggestions you

have because I think those people that are engaged

in exporting to Japan are anxious to keep their

business and keep their employees employed and the

employees are anxious to be employed, and if you

can suggest any other business we can do with Japan

other than something in the textile line in order

to keep the wheels turning?

Q. I do not see why I should make suggestions. For example,

that business is - I have heard that you are

but I would only be trying to advance our own

interests at the expense of somebody else and I do

not think it is up to me to make this suggestion.

Q. No, if you have a suggestion to make that would not affect some of those industries?

A. I cannot make any suggestions that would not affect somebody in Canada.

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Q. You quite realize it would be a serious thing to Canada to lose \$14,000,000 or a portention \$30,000,000 export market? A. I don't know that we would lose it.

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Q. Well, we lost it last year and it was gone and we had to get it back? A. Well, it was a fairly short period and I don't know in that period that our exports stopped?

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Q. Well, the export of pulp stopped? A. We know that their imports of Canadian pulp - I think in the biggest year was only 7% of their total imports in the world. They could afford to give that up.

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Q. That is just precisely the thing I wanted to draw your attention to, - that pulp was a thing that we required to find a market for. The pulp industry, if any industry, has been a bad way in Canada in the last three or four years - no doubt about that? A. No.

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Q. Really in a worse way than the textile industry? A. Well, they were not in quite as good a position to stand adversity.

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Q. That is another way of putting it. Be that as it may, it struck me as peculiar that we

and the following are the main results of [10]:

had not got more than 7% of the Japanese market and it occurred to me it was because that we were not buying enough from Japan for the last four or five or six or ten or fifteen years - what have
5 you to say to that?

A. I would say before coming to that conclusion, - you may have already studied it - you will ascertain if the countries from which Japan is buying her pulp are the ones that have a trade balance with Japan. I do not believe
10 they are as far as this goes. I think the American exports to Japan are far in excess of their imports of Japanese goods, and then the biggest proportion of wood pulp used by Japan came from the United
15 States.

Q. If we wanted to get that market away from the States or Norway or any other country one of the best ways to do that would be to do business with them?
20 A. You can always do business on some terms.

Q. Well, do you consider that the terms that exist now in the textile trade are bad - terms that you could have got now?
25 A. I know on the face of it that what we know of Japanese values of rayon goods, of cotton goods as well to quite an extent, that under present tariff arrangements Japanese goods can be put into this market and they can take when they see fit just as much business away
30 as they want to.

Q. You are making that statement on your oath,

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and not got more than 1/2 of the Japanese market
and I would say that the Japanese market is
not buying enough from Japan for the last four
or five or six or ten or fifteen years - what have
you to say to that?
A. I would say that

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more coming to that conclusion, - you may have already
stated it - you will ascertain if the countries
from which Japan is buying her pulp are the ones that
have a trade balance with Japan. I do not believe
they are as far as this goes. I think the American
exports to Japan are far in excess of their imports
of Japanese goods, and from the biggest proportion
of wood pulp used by Japan came from the United
States.

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Q. If we wanted to get that market away from
the States, is there any way of doing it?
The best way to do that would be to do business
with them?
A. You can always do business on

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terms. Well, do you consider that the terms that
exist in the textile trade are bad - terms that
you could have got now?
A. I know on the

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case of it that what we know of the value of
rayon goods, of cotton goods as well as woolen
goods, that we know that they are worth more than
we can see from the market and they can
take when they see it just as much business as
we can get from it.

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Q. Now making that statement on your own,

carefully considered?

A. Yes.

Q. Why are they not taking as much business
as they want in the United States?

A. Well,
we have heard a good deal about gentlemen's agreements
down there.

Q. Well, I want you to tell me why they are not
in the United States underselling the United States
vendor?

A. Well, if - - They have, where
they have chosen to, where they choose to concentrate
on something they could just take it all.

Q. What evidence are you referring to?

A. I am referring to evidence that went in in the
course of Monday and Tuesday.

Q. They have taken what? Tell me any market

they have taken in the United States? A. Well,
I think I can bring one to mind and that is that the
evidence showed - I think it was rugs, for example.

Q. Grass rugs? A. There were several

kinds. Chenille and hit and miss.

Q. They were not rayon? A. They may

have had rayon in them.

Q. It was not rayon. I am talking about

rayon - let us stay with rayon? A. I thought
you were talking more generally.

Q. Let us talk about rayon? A. I men-

tioned cotton. I said rayon and many types of cotton
goods.

Q. Let us not misunderstand one another. I am

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down there.

Q. Well, I want you to tell me why they are not

in the United States underselling the United States

vendors? A. Well, if - - They have, where

they have chosen to, where they choose to concentrate

on something they could just take it all.

Q. What evidence are you referring to?

A. I am referring to evidence that went in in the

course of Monday and Tuesday.

Q. They have been there?

A. Well, they have taken in the United States?

I think I can bring one to mind and that is that the

evidence showed - - I think of it, for example.

Q. There were several? A. There were several.

Q. Please repeat?

A. Well, Kings. Chemilla and his and Miss.

Q. They were not rayon? A. They may

have had rayon in them.

Q. It was not rayon. I am talking about

A. I think - -

Q. It was not rayon?

A. I think - -

Q. It was not rayon?

A. I think - - I said rayon and many types of cotton

Q. Let us not misunderstand one another. I am

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talking about rayon and I want to stick to rayon.

My question to you was: what have you got to say as to whether or not the terms that exist between

Canada and Japan in the matter of rayon are not

5 satisfactory? A. Well, what I said applies particularly in the case of rayon.

Q. Then I say - why is Japan not taking the market in rayon in the United States whenever she

likes? A. Well, I think perhaps Mr. Watson's

10 statement yesterday is the explanation; that is, his statement was that Japanese rayon goods are valued

for duty purposes, not for dump, for duty purposes

at the American cost for production.

15 Q. If that is not true then have you any other explanation to make as to why? A. Yes,

I have.

Q. Because get away from that, You can wash that out completely as not being right? A. Well,

20 you cannot for the moment, you will have to look it up.

Q. I had it investigated and I sent Mr. Hooper to New York and he tells me that is not true. I

25 think you can wash that out? A. Then I

think another reason that I could advance is that

in the Philippines, which is I think looked upon

generally as an American possession, that Americans

have free trade entry into the Philippines.

30 Despite that and a very substantial duty against

...and I was the stick to reason.
...that have you got to say
as to whether or not the terms that exist between
Canada and Japan in the matter of rayon are not
satisfactory? A. Well, what I said applies
particularly in the case of rayon.
...Then I say - why is Japan not taking the
market in rayon in the United States whenever she
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...Because get away from that. You can wash
that out completely as not being right? A. Well,
You cannot for the moment, you will have to look
it up.
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to New York and he tells me that is not true. I
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in the Philippines, which is I think looked upon
generally as an American possession, that Americans
have free trade entry into the Philippines.
Despite that and a very substantial duty against

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Japan, Japan out of 19,000,000 yards had, I think, 95 of that business last year and I think the year before.

Q. They just got busy raising the tariff, the Philippines against Japan? A. I

just want to complete and I think that perhaps there was an arrangement between the American Government and Japan if the Philippines, which are closer to Japan than America, was given to Japan as a market they would let the Japanese have the rayon market.

Q. Have you the slightest tittle of evidence?

A. Nothing except it is a natural conclusion.

Q. It is just a sheer sort of guess? A. Yes.

Q. You have never been told that by any person?

A. No.

Q. And you have just guessed it yourself?

THE COMMISSIONER: There was evidence from Mr. Perry to show whoever exercised the authority in the Philippines was acting so as to keep Japanese goods out?

A. Recently, just very recently.

MR. MORUER: Q. And right on top of that the United States had reduced the tariff on rayon goods into the United States.

THE COMMISSIONER: And raised it on cotton.

MR. MORUER: Q. You know that? A. I

know Mr. Hooper showed me some particular percentages in figures that some change has been made in the tariff recently.

Japan, Japan out of 12,000,000 yards had, I think, 25% of that business last year and I think the year

They just got busy raising the tariff,

that want to compete and I think that perhaps there was an arrangement between the American Government and Japan if the Philippines, which are closer to Japan than America, was given to Japan as a market they would let the Japanese have the rayon market.

Have you the slightest tittle of evidence? A. Nothing except it is a natural conclusion.

It is just a sheer sort of guess. A. Yes.

You have never seen anything that you thought

And you have just guessed it yourself?

THE COMMISSIONER: There is evidence from Mr.

that he had been working on the tariff

and that he had been working on the tariff

and that he had been working on the tariff

recently.

MR. BRYDIE: And right on top of that the

United States had reduced the tariff on rayon goods

and the tariff on rayon

THE COMMISSIONER: And raised it on cotton.

MR. BRYDIE: You know that?

Know Mr. Koper showed me some stuff that per-

sonalities were in there but some change has been

made in the tariff law.

Q. And even at the reduction that has been put through in the United States the rates there are still lower than in the Dominion of Canada?

5 A. I think we went into that before and showed some cases did not work out that way.

Q. You produce me any that does not work out. If I am wrong and Mr. Hooper is wrong in his calculations we want to be set right but we do not want any of this guessing? A. If I remember

10 correctly what Mr. Hooper showed me the other day as being new figures, the duties are 45 and 40 cents a pound and that now applies on Jacquards as well as plain. Of course our duties are 46 and 36 a pound but at the present time we have a currency valuation which is giving us additional protection.

15 THE COMMISSIONER: What about the United States?

THE WITNESS: Mr. McRuer says Mr. Hooper has investigated and found out.

20 MR. McRuer: What I said is you said that the value taken was the American cost of production and then they added duty? A. I said Mr. Watson told us that yesterday.

25 Q. He told us that he thought it was. A. Well, he said that he thought it was.

30 Q. He had not the slightest foundation for telling that except that he heard Mr. Perry say the day before of some particular article, gloves and mitts, that they had done that? A. Yes, I think that was shown on gloves and mitts.

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Q. And even at the reduction that has been
put through in the United States the rates there
are still lower than in the Dominion of Canada?
A. I think we went into that before and showed
some cases did not work out that way.

Q. You produce me any that does not work out?
A. If I am wrong and Mr. Hooper is wrong in his self-
valuation we want to be set right but we do not
want any of this guessing.

Q. If I remember
correctly what Mr. Hooper showed me the other day
as being new figures, the duties are 40 and 40 cents
a pound and that now applies on Preservatives as well as
plain. Of course our duties are 40 and 30 a pound
but at the present time we have a currency valuation
which is giving us additional protection.

Q. Mr. Hooper has
investigated and found out.

Q. Mr. McLEOD: What I said is you said that the
value taken was the American cost of production and
then they added duty. A. I said Mr. Watson told us

Q. He told us that he thought it was 40.
He said that he thought it was.

Q. He had not the slightest foundation for
saying that except that he heard Mr. Watson say the
figures were 40 and 40 cents a pound, I think
that was shown in the evidence.

Q. Mr. Berry never said that.

THE COMMISSIONER: Do I understand in the United States there is no artificial of the value of the yen?

MR. MORUER: No.

THE COMMISSIONER: Just allowed to take its natural exchange value.

MR. MORUER: I intend, after Mr. Geoffrion has put in his case, to put Mr. Hooper in to show the results of his investigation.

THE WITNESS: To answer your question as to why Japanese rayon goods have not gone into the United States, in large quantities, I am not in a position to know. I do not know whether the government in the States have got certain values that they assist, enforce something to keep them out.

Q. Obviously, I suggest to you, that the something that is keeping them out that the duty is so high they cannot compete with the American Manufacturer. That is the information we have got on canvassing the situation in the United States?

A. That just shows one thing and that is that the American cost of manufacture of rayon goods must be much lower than in Canada.

Q. The American selling price over there is higher than the Canadian on many things? A. That is a broad statement.

THE COMMISSIONER: In connection with rayon, do you mean?

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Q. Mr. Perry never said that.

THE COMMISSIONER: No I understand in the

United States there is no artificial of the value

of the year

MR. MONTAGUE: No.

THE COMMISSIONER: That allowed to have the

MR. MONTAGUE: I assume, after Mr. Geffert has

put in his case, to put Mr. Hooper in to show the

results of his investigation.

THE WITNESS: To answer your question as to

why Japanese rayon goods have not gone into the

United States, in large quantities, I am not in a

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ment in the States have got certain values that they

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Q. Obviously, I suggest to you, that the some-

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high they cannot compete with the American manufac-

turer. That is the impression we have got on

concerning the situation in the United States?

A. That just is one thing and that is that the

American cost of manufacture of rayon goods must be

much lower than in Canada.

Q. The American selling price over there is

higher than the Canadian selling price?

MR. MONTAGUE: Yes.

THE COMMISSIONER: That is the impression we have got on

the duty

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MR. McRUER: In connection with rayon goods, and then I ask you if American costs are lower than Canadian why are they lower than Canadian?

5 A. Because a company in the States such as the Burlington mills and South Carolina are the largest manufacturers in the world. They have 4000 looms in one plant on the type of goods we are running on at Sherbrooke.

10 Q. They run on a 40 hour week? A. No, they run on an eighty hour machinery week.

Q. No, I am talking about what they have got to pay their men. Don't do that? A. Well, I will have to give you full particulars.

15 MR. GEOFFRION: He can never finish an answer.

20 THE WITNESS: Under the N.R.A. they could not run more than 40 hours per shift per week but they are allowed to run two equal shifts - that is, men and women in both shifts and their practice was to run two shifts of 40 hours each or 80 hours a week or under curtailment cut down to 60 or 70 according to the needs of the trade.

25 Q. Well now, I want you to make a statement: Has the importations of Japanese goods during the past five months had a detrimental effect on your business? A. Only in so far as it has led to a hand to mouth buying policy on the part of the trade.

30 Q. All right, if we eliminate what you suggest is the hand to mouth buying policy on the

Q. Now, in connection with the goods, and then I ask you if American goods are lower than Canadian why are they lower than Canadian? A. Because a company in the States such as the Hamilton Mills and South Carolina are the largest manufacturers in the world. They have 4000 looms in one plant on the type of goods we are running on at Sherbrooke.

Q. They run on a 40 hour week? A. No, they run on an eighty hour machinery week. Q. No, I am talking about what they have to pay their men. Don't do that. A. Well, I will have to give you full particulars.

Q. Now, he can never finish an answer. THE WITNESS: Under the A.R.A. they could not run more than 40 hours per shift per week but they are allowed to run two equal shifts - that is, men and women in both shifts and their practice was to run two shifts of 40 hours each or 80 hours a week or under enrollment set down to 80 or 90 according to the needs of the trade.

Q. Now the importations of Japanese goods during the last five years had a detrimental effect on your industry? A. Only in so far as it has been a matter of months buying policy on the part of the Government. We eliminate what you say.

6558

Gordon

part of the trade then you don't say the actual importations have a detrimental effect on your business?

A. No, I think the importations have been quite limited so far and--

THE COMMISSIONER: Q. What you mean - the threats or uncertainty?

A. That is what I meant. Perhaps I did not make it quite clear this morning.

Q. The actual importations, what are they?

A. Mr. Lerry gave it in his evidence.

MR. McRUER: Q. I am going to supplement it?

A. I told you this morning what our orders have been. I don't know what they might have been under different conditions, that would be purely surmise.

Q. I want to deal with the production of rayon in the last five months and during 1935. You read into the record, and I am sorry you did not have it in a statement because it is hard for me to cross-examine you on something read into the record. You gave us a lot of details on your new orders and your specified orders and your bulk orders and--?

A. I think I can help you here.

Q. Do not bother helping me at the moment. You dealt only with Sherbrooke?

A. Yes, these were Sherbrooke only.

Q. The Dominion Textile Company is the selling agent for Montreal Cottons, that is correct, is not it?

A. Yes.

part of the trade than you don't say the same

business?

No, I think the imports-

tions have been quite limited so far and--

THE COMMISSIONER: What you mean -- the

business?

I meant. Perhaps I did not make it quite clear

this morning.

The actual importations, that is to say

Mr. BRYDIE gave it in his evidence.

Mr. BRYDIE: Q. I am going to supplant it?

A. I told you this morning what our orders have

been. I don't know what they might have been under

different conditions, that would be purely business.

C. I want to deal with the question of

revenue in the last five months and during 1935.

You read into the record, and I am sorry you did not

have it in a statement because it is hard for me

to cross-examine you on something read into the

record. You gave us a lot of details on your

new orders and your specified orders and your price

orders and--? A. I think I can

help you here.

C. Do not bother helping me at the moment.

Don't get only with the record?

A. Yes.

THE COMMISSIONER: The company is the selling

agent for the record, that is correct, is not

Q. And the Montreal Cottons was the Company that made the fabric Ming Toy which you said competed with the Japanese fabric? A. Yes.

Q. You were not able to show us any importations of Japanese goods that competed with the Sherbrooke manufacture? A. No, we have not shown you samples taken from shipments. We have not been able to locate them but we have very limited facilities for finding these things.

Q. Those things sell at latons, as you suggested they were when you gave evidence before, you would not have much difficulty in locating them? A. Well,--

MR. MCRAE: May I read your evidence that you gave before? I just want to show what you swore to at page 2075:

"Q. You say that your article is not a very much superior article to that one?

A. Well, the trade do not seem to think so." "I was showing you Japanese article and showing you Ming Toy."

Q. Oh, well, I want to know what you say about it first and we will find out from the trade. A. I always think our goods are superior to other people's.

Q. Is not it perfectly apparent from looking at the two articles that no purchaser would buy one for the other? A. No, I cannot subscribe to that because they do.

Q. And the Montreal Cottons was the company that made the fabric King Toy which you said compared with the Japanese fabric?

A. Yes.

Q. You were not able to show us any importations of Japanese goods that compared with the not shown you samples taken from ship entry. We have not been able to locate them but we have very limited facilities for finding these things.

Q. Those things selling at stations, as you suggested they were when you gave evidence before. You would not have much difficulty in locating them?

A. Well,--

ave before? I just want to show what you were to at page 2075:

"4. You say that your article is not a very much same for article to that one."

A. Well, the trade do not seem to think so. I was showing you Japanese article and showing you King Toy.

Q. Oh, well, I want to know what you say about it first and we will find out from the trade. A. I always think our goods are superior to other people's.

Q. Is not it perfectly apparent from looking at the two articles that no person

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Q. Well, can you tell us any that do,
any that are buying one for the other now?

A. Yes.

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Q. Who? A. I know that Eatons
have been retailing that fabric where they
used to retail this one."

And you were pointing to Ming Toy and saying
Eatons were retailing the Japanese fabric? A. Yes,
that is correct.

10

Q. Now, do you still adhere to that that
Eatons were retailing the Japanese fabric in place
of Ming Toy? A. Yes, Eatons and others.

15

Q. Well, Ming Toy was made at Montreal
Cottons? A. Yes sir.

Q. So that one would take it that the shock
of Japanese competition would be most felt by
Montreal Cottons? A. Yes, on that.

20

Q. Now, I want to read your purchases of
yarn by Montreal Cottons for the first five months
of this year and if you have them, please follow
and see if your figures and mine agree.

25

In January, 1935, Montreal Cottons bought
57,308 pounds of yarn.

In January, 1936, they bought 80,792 pounds.

In February, 1935, they bought 36,000 pounds.

In February, 1936, 72,038 pounds.

In March, 1935, 32,070 "

30

In March, 1936 " 94,051 "

any that are having one for the other now?

In April 1935, they bought 59,468 pounds

In April 1936, " " 96,096 "

In May 1935 " " 66,250 "

In May 1936 " " 66,894 "

5 or a total for the first five months of 1935,
251,096 pounds and in 1936, 409,871? A. My
figures are very close to that. I see 1935,
250,156. This is for five months period ending
31st May and 1936, 423,778.

10 Q. Well, yours put the spread a little bigger
still? A. Those are our actual figures from
Courtaulds of stuff bought. That, of course, I
can deal with if you want me to.

15 Q. I want to know what observations you have
got as to the suggestion that you apparently had
great confidence in the future of the output of
Montreal Cottons in respect to rayon when you
committed yourself to purchase about 60% more rayon
20 yarn in the first five months this year than you
did last? A. Well, I should explain that

that rayon yarn is being turned into fabrics very
quickly at Montreal Cottons.

25 Q. Well, I am glad to hear that. I expected
that you were not taking it out there to put in the
canal or anything like that? A. No, when you

spoke of confidence I thought you intended to imply
we were looking ahead.

30 Q. You are turning it quickly into rayon and

1931

London

| | |
|----------------------------|---------------|
| In April 1930, they bought | 29,468 pounds |
| " " " " " " | 20,092 |
| " " " " " " | 22,830 |
| " " " " " " | 26,824 |

or a total for the first five months of 1930,

251,092 pounds and in 1931, 409,871

figures are not close to that. I see 1931,

250,150. This is for 10 months ending

31st May 1931, 423,778.

A. Well, yours out the record a little higher

A. Those are our actual figures from

still?

Comparison of staff bought. That, of course, I

can deal with if you want me to.

I want to know what observations you have

not as to the suggestion that you apparently had

great confidence in the future of the output of

Montreal. It is in respect to reason when you

committed yourself to purchase about 600 more rayon

year in the first five months this year than you

A. Well, I should explain that

the rayon firm is being turned into fabrics very

quickly at present, correct.

I am glad to hear that. I expected

that you would not have done so but in the

mean time, I am glad to hear that.

It is a very interesting thing to hear.

It is a very interesting thing to hear.

It is a very interesting thing to hear.

It is a very interesting thing to hear.

quickly selling it? A. Yes.

Q. Finding a quick market for it? A. A

lot of the type of rayon used in Montreal Cottons is the heavier deniers which is going into tapestry work, tapestry furniture covering, 300 deniers, which is twice as heavy as the average denier used at Sherbrooke. As I mentioned in my earlier evidence we have developed a lining business with the Tip Top Tailors of Toronto, which has come into existence this year. Formerly using celanese but our
now using our stuff but under the British preference--

Q. Suppose you start making celanese?

A. Well, that is another--

Q. Why take a shot at the British preference in that way when it is giving opportunity to buy celanese cheaper?

A. But I could not buy celanese cheaper and make goods other than we are making it out of viscose. We have convinced them that viscose is--

THE COMMISSIONER: Q. I want to hear more particularly about the British preference? A. I just said that the changes in the rayon, artificial silk duties, under the last budget are very extensive.

Q. And what is the result? A. Well, the result may be - it is a little early to say yet - that this business which we have developed in all rayon satin linings, wide linings, 54" linings for the quick suits and ready to wear

Q. Finding a quick market for it?

A. A lot of the type of rayon used in Montreal cottons is the heavier denim which is being into tapestry work, tapestry furniture covering, 300 deniers,

which is being as heavy as the even a dozen used

at the moment. As I mentioned in my earlier evi-

dence we have developed a lining business with the

the Top Tailors of Toronto, which has come into

existence this year. Formerly using celanese but

now using stuff but under the British preference--

Q. Suppose you start making celanese?

A. Well, that is another--

Q. Why is it that at the British preference

in that way when it is giving opportunity to buy

celanese cheaper? A. But I could not

buy celanese cheaper and make goods other than we

are making it out of viscose. We have convinced

them that viscose is--

Q. Well, I don't want to hear more

particularly about the British preference? A. I

just said that the changes in the rayon, artificial

silk dyes, under the last budget are very ex-

ensive.

Q. And what is the result?

A. Well, the result may be - it is a little early to say

yet - that this business which we have developed

in it now set in line, wide linings, 300

business may go to British mills. It may.

Q. And what did the last budget, the present at any rate, do to affect the British preference in respect to rayon? A. It took off--

Q. It was the only one change - it took off the specific duty altogether on rayon goods?

A. Yes sir, and left them on ad valorem basis.

Ad valorem was increased I think from 27½ to 30 but the specific duty of 30¢ a pound was wiped out altogether. That was on the cloth.

Q. Is that in respect to rayon cloth? A. Yes. It is on the yarn. The viscose were changed from a flat 20¢ a pound minimum to 20% and the acetate, which was the same as the viscose before, namely, flat 20¢ a pound less 10%, under 18, were changed to 5%.

(Page 6565 follows)

business may go to British mills. It may.

2. And what did the last market, the present

at any rate, do to affect the British or foreign

in respect to revenue. A. It took off--

... it was the only one case - it took off

to the specific duty altogether on these goods.

3. Yes sir, and left them on a value basis.

4. Value was increased I think from 27 1/2 to 30

but the specific duty of 20% a pound was wiped out

altogether. That was on the cloth.

5. Is that in respect to woven cloth? A. Yes.

It is on the yarn. The viscose were charged from

a flat 20% a pound minimum to 20% and the acetate,

which was the same as the viscose before, namely,

that 20% a pound less 10%, under 15, were charged

(The end of the document)

BY MR. McRUER: Q. You say that you were probably going to use your lining business on account of the lowering or increasing of the British preference.

5 A. Well, we know that it is going to be quite a battle, but we will see what comes of it.

Q. Well, do you expect to do business without a battle? A. No, I don't think so.

10 Q. You have been rather used to doing business without a battle for years? A. Not from the way we work, I would not say so.

15 Q. Well, at any rate, you were buying celanese yarns and making up celanese, I mean acetate yarns and making up acetate products? A. Yes, we have used small quantities of acetate yarn bought from Celanese, in fact, for a special purpose, - in those collar lining fabrics.

20 Q. Have you looked into the question of the reduction of the duty on acetate yarn? A. Yes, we have, Mr. McRuier.

25 Q. Yes, and does that not enable you to buy acetate yarn very much cheaper than you were able to buy in Canada before? A. Yes, I think that would be a true statement so far as acetate is concerned.

Q. Land your yarns?

BY THE COMMISSIONER: Q. Lay them down?

BY MR. McRUER: Q. Yes, lay them down, land them.

30 A. With duty paid.

. And that you could use it for weaving acetate

going to use your lining business on account of the
lowering or increasing of the cotton preference.
Q. Well, we know that it is going to be quite a battle
but we will see what comes of it.
A. Well, do you expect to do business without a
battle?
Q. No, I don't think so.
Q. You have been rather used to doing business
without a battle for years?
A. Not from the way
we work, I would not say so.
Q. Well, at any rate, you were buying celanese
yarns and making up celanese, I mean acetate yarns
and making up acetate products?
A. Yes, we have
used small quantities of acetate yarn bought from
Celanese, in fact, for a special purpose, - in those
collar lining fabrics.
Q. Have you looked into the question of the
reduction of the duty on acetate yarn?
A. Yes, we
have, Mr. McGraw.
Q. Yes, and does that not enable you to buy
acetate yarn very much cheaper than you were able to
buy in former years?
A. Yes, I think that would
be a true statement so far as acetate is concerned.
Q. And your yarns?
A. Yes, they came down, I think they

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cloths, that is correct. A. Well, naturally they would be acetate cloths if we used them.

Q. Which is a distinctly marketable cloth as compared with rayon? A. Compared with viscoes, you mean. Rayon includes them all, you know.

Q. Well, I don't think so. A. It does, according to Cotton Trade Standards.

Q. No? A. Oh, yes. Celanese won't agree to it if that is what you mean. They had a meeting in London the other day about that.

Q. It will probably be more accurate to say "viscoes" than "Acetate"? A. Very good.

Q. Then there will be no confusion. But what I am pointing out to you is, that the great reduction on acetate yarns will enable you to go into a new branch of production that you were unable to do before on account of the high duty on yarns? A. No, I don't agree with that, Mr. McRuer. We do not believe that, basically, acetate cloths are as good as viscoes. I think I know what you have in mind, Mr. McRuer.

Many of the silk weavers want to use acetate in conjunction with silk to get a cross-dyed effect in fancy cloths, but we are not interested in that end of it at all.

Q. It might not be long until you got intersted?

A. Well, I don't think so. We have never woven real silk at all. I think we have enough on our hands.

Q. Well now, can you give me the same sort of a

clothes, that is correct. A. Well, naturally they would be accurate clothes if we used them.

comparing with rayon? You mean. Rayon includes them all, you know.

A. Well, I don't think so.

to cotton these standards.

A. Oh, yes. Celanese won't agree to

it if that is what you mean. They had a meeting in

London the other day about that.

A. It will probably be more accurate to say

that they are not accurate.

A. Then there will be no confusion. But what I

am pointing out to you is, that the great reduction

on acetate yarns will enable you to go into a new

branch of production that you were unable to do before

on account of the high duty on yarns? A. No, I

don't agree with that, Mr. Wagner. We do not believe

that, naturally, acetate clothes are as good as viscose

I think I know what you have in mind, Mr. Wagner.

Many of the silk weavers want to use acetate in

connection with silk to get a cross-eyed effect

in fancy clothes, but we are not interested in that

end of it at all.

A. It might not be long until you get interested?

A. Well, I don't think so. We have never woven

real silk at all. I think we have enough on our hands

A. Well now, can you give me any more part of a

statement in regard to Montreal Cottons that you gave to us this morning in regard to Sherbrooke, that is, as to the new orders, the specified orders, the bulk orders, and all that. Have you made up any such statement in regard to Montreal Cottons? A. Well, I can deal with the particular cloths, if you like.

Q. No, no, I do not want you to do that, Mr. Gordon, at least while this Commission is sitting, to choose another cloth and try and push it a little bit more than another. I would rather deal with your business as a whole? A. If you want to get the true facts about RT-58, I can give them to you without any insinuations.

Q. I am not talking about RT-58. I am talking about-- A. That was the cloth that was directly affected by the Japanese competition.

Q. I want to know about your rayon business. You have a lot of other cloths that you contend may be affected, and so on? A. Yes.

Q. Well, I want to know about your rayon business at the Montreal Cottons, and I do not know of any reason why we should not have it. A. There is no reason why you won't get it.

Q. All right, let us stick at it. Can we have a table showing the same information in regard to your rayon business at Montreal Cottons that you gave in respect to Sherbrooke this mornin? A. Yes.

Q. Well then, you have not got it right now?

...in the ...

as to the new orders, the specified orders, the bulk orders, and all that. Have you made up any such

statement in regard to ...

I can deal with the particular clothes, if you like.

.. No, no, I do not want you to do that, Mr. Gordon.

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than another. I would rather deal with your business

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You have a lot of other cloths that you control and

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at the Montreal Cottons, and I do not know of any

reason why we should not have it.

.. All right, let us stick at it.

a table showing the same information in regard to your

business at Montreal Cottons that you gave in

.. Yes.

.. Well, you have not got it right now?

A. No, I have not got it.

Q. Well then, I would ask you to be good enough to give it to us, so that I can see your whole business, because it might be that you might just change a little bit of the nature of your business and the Canadian public could buy the same Japanese fabrics probably a little cheaper and you would have another kind of business, and you would be doing more business than ever before. As a matter of fact, you have been doing more this year than ever before.

MR. GEOFFRION: I do not like those speeches.

BY MR. McRUER: Q. I put this to you, Mr. Gordon: Has your production in rayons at Montreal Cottons not been bigger for the last five months than it ever was for any ordinary five months in the history of Montreal Cottons? A. I think it is, Mr. McRuer. I have not been connected directly with Montreal Cottons before 1930.

Q. Well, the rayon business did not amount to much before? A. Oh, yes, they had quite a business in rayon.

Q. But not to compare with what it is now?

A. They had quite a business in cottons and rayons and various other cloths.

Q. Now, I want to take that in the face of certain other figures that we have. Mr. Berry has furnished me with the production of silk and artificial silk fabrics by the Members of the Silk Association for

A. Now, I want to take that in the face of certain

...well then, I would ask you to be good enough

to give it to us, so that I can see your whole business

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been doing more this year than ever before.

MR. GORDON: I do not like those speeches.

BY MR. GORDON: I put this to you, Mr. Gordon:

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not been bigger for the last five months than it

ever was for any ordinary five months in the history

of Montreal cottons? A. I think it is, Mr. Gordon.

I have not been connected directly with Montreal

cottons before 1930.

A. Well, the rayon business did not amount to much

before? A. Oh, yes, they had quite a business

in rayon.

A. But not to compare with what it is now?

A. They had quite a business in cottons and rayons

and various other things.

A. Now, I want to take that in the face of certain

...that we have. Mr. Berry has furnished

...silk and artificial silk

...the silk association for

the years 1935 and 1936, and I want to read them over
to you for the last six months of 1935. I am reading
from Exhibit No. 436:

June Lineal yardage produced, 1,108,554.00

" " delivered,
against orders, 918,544.00

Stock on hand, June 30, 3,145,000.00

Then for the month of July:

Lineal yardage produced, 999,000.00

Delivered, 949,000.00

Stock on hand July 31st, 3,196,000.00

For the month of August:

Lineal yardage produced, 1,461,000.00

" " Delivered, 1,450,000.00

Stock on hand August 31st, 3,202,000.00

For the month of September,

Lineal yardage produced, 1,541,000.00

" " delivered, 1,300,000.00

Stock on hand September 30th, 3,411,000.00

For the month of October,

Lineal yardage produced, 1,500,000.00

Delivered, 1,387,000.00

On hand, 3,500,000.00

For the month of November

Lineal yardage produced, 1,500,000.00

" " delivered, 1,100,000.00

On hand, 3,900,000.00

For the month of December,

Lineal yardage produced, 1,200,000.00

the years 1930 and 1931, and I want to read them over
to you for the last six months of 1931. I am reading
from Exhibit No. 433:

June 1931
Lined yardage produced, 1,100,000.00
delivered, 1,100,000.00
against orders, 1,100,000.00
Stock on hand, June 30, 1,100,000.00

Then for the month of July:

Lined yardage produced, 1,100,000.00
delivered, 1,100,000.00
against orders, 1,100,000.00
Stock on hand, July 31, 1,100,000.00

For the month of August:

Lined yardage produced, 1,100,000.00
delivered, 1,100,000.00
against orders, 1,100,000.00
Stock on hand, August 31, 1,100,000.00

For the month of September:

Lined yardage produced, 1,100,000.00
delivered, 1,100,000.00
against orders, 1,100,000.00
Stock on hand, September 30, 1,100,000.00

For the month of October:

Lined yardage produced, 1,100,000.00
delivered, 1,100,000.00
against orders, 1,100,000.00
Stock on hand, October 31, 1,100,000.00

For the month of November:

Lined yardage produced, 1,100,000.00
delivered, 1,100,000.00
against orders, 1,100,000.00
Stock on hand, November 30, 1,100,000.00

For the month of December:

Lined yardage produced, 1,100,000.00
delivered, 1,100,000.00
against orders, 1,100,000.00
Stock on hand, December 31, 1,100,000.00

Lineal yardage delivered, \$1,200,000.00

Stock on hand, 3,900,000.00"

So you see, we start the month of January of this year
with a stock on hand of 3,900,000 in these companies.

THE COMMISSIONER: You say "these companies"?

MR. McRUER: The reporting companies, belonging to
the Silk Association.

THE COMMISSIONER: Yes. That does not include--

THE WITNESS: It does not include Dominion Textile,
Montreal Cottons, nor Canadian Cottons. In fact, it
does not include any of the Canadian companies, sir.

THE COMMISSIONER: It is just the stock in hand now
of the reporting companies. Mr. Gordon says it does
not include any of the cotton companies.

THE WITNESS: It only includes, sir, certain of the
members of the Silk Association.

BY THE COMMISSIONER: Q. So far as you produce
silk, or artificial silk, you do not report? A. No.

BY MR. McRUER: Q. In addition to that, we would
have the stock on hand at Sherbrooke, Valleyfield,
and Milltown for the Canadian Cottons? A. Yes.

Q. And any other-- A. Celanese.

Q. And Celanese, yes, and any other of the non-
reporting companies? A. Yes.

Q. And it is true, that your stock on hand was
bigger than it had ever been before? A. Yes.

THE COMMISSIONER: All right now, that brings it down
to December of last year.

Q. Now, we start the month of January of this year
with a stock on hand of \$2,500,000 in these companies.
THE COMMISSIONER: You say "these companies"?
MR. MONTGOMERY: The reporting companies, belonging to
the Silk Association.
THE COMMISSIONER: Yes. That does not include--
Q. It does not include Dominion Textile,
Montreal Cottons, nor Canadian Cottons. In fact, it
does not include any of the Canadian companies, sir.
THE COMMISSIONER: It is just the stock in hand now
of the reporting companies. Mr. Gordon says it does
not include any of the cotton companies.
THE WITNESS: It only includes, sir, certain of the
members of the Silk Association.
BY THE COMMISSIONER: As far as you produce
silk, or artificial silk, you do not report? A. No.
Q. In addition to that, we would
have the stock on hand at Sherbrooke, Valleyfield,
and Milltown for the Canadian Cottons? A. Yes.
Q. And you have--
A. Yes.
Q. Now, is it true, that your stock on hand was
the member of last year.

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MR. McRUER: Yes.

Q. Now, that is the position that the trade was in on the 1st of January, 1936. Now then, when we take--

5 A. Yes, if that is a question, I would say that was the position it was in, and I do not think that position was inconsistent with the development of rayon in any other country.

10 Q. Well, that may be. Probably there is an over development the world over, an over-production?

A. It is an expanding industry.

THE COMMISSIONER: We heard the other day about an over-production in Japan?

15 THE WITNESS: Yes.

BY MR. McRUER: Q. Now, I want to take yardage delivered against orders, according to the members of the Silk Association.

20 THE COMMISSIONER: For this same period, Mr. McRuer?

MR. McRUER: No, my lord, comparing January, 1936, with January, 1935.

25 Q. Now, these figures are altered here. I take it that there is some reason that the higher figure has been inserted. Probably some other report came in. In January, 1935, the yardage delivered against orders was 1,918,000 yards.

THE COMMISSIONER: Pardon me a moment, Mr. McRuer.

30 Is that just rayon?

MR. McRUER: Well, my lord, there is silk and rayon

1931

Mr. Chairman, Yes.

Now, that is the position that the trade was

in on the 1st of January, 1930. Now then, when we take

A. Yes, if that is a question, I could say that was

the position it was in, and I do not think that position was inconsistent with the development of rayon in any

other country.

Well, that may be. Probably there is an

over development the world over, an over-production?

A. It is an expanding industry.

THE COMMISSIONER: We heard the other day about an

over-production in Japan?

THE WITNESS: Yes.

BY MR. McLELLAN: Now, I want to take you back

delivered against orders, according to the members of

the Silk Association.

THE COMMISSIONER: For this same period, Mr.

McLeellan?

Mr. McLeellan, in 1930, according to the report, there

was a decrease.

Now, these figures are altered here. I take

it that there is some reason that the higher figure

has been inserted. Probably some other report came in.

In January, 1930, the yardage delivered against orders

was 1,000,000 yards.

THE COMMISSIONER: Now, in 1930, Mr. McLeellan,

is that correct?

Mr. McLeellan: Well, in 1930, there is this report

in this. In January, 1936, it was 1,466,000.

In February, 1935, it was 1,454,000, and in February, 1936, it was 1,348,000.

5 In March, 1935, it was 1,570,000, and in March, 1936, it was 1,572,000.

In April, 1935, it was 1,659,000, and in April 1936, it was 1,660,000. Then we have not got May.

THE COMMISSIONER: It is running pretty even.

10 MR. McRUER: Yes, my lord.

Q. Now, you see that with the exception of the first two months, they started to climb up this year, and it is running just about even? A. Shipments?

15 Q. That is, delivered against orders? A. Yes, I see that.

Q. Yes, and the stock on hand is now 3,404,000, at least from the last report, as against---

THE COMMISSIONER: 3,304,000?

20 MR. McRUER: 3,404,000, yes, my lord.

THE COMMISSIONER: Against 3,900,000?

BY MR. McRUER: Q. The stock on hand has been reduced? A. Yes. In other words, the deliveries have been greater than their production over that period.

25 Q. Yes. Do you know Silks Limited, Toronto, weavers? A. I know there is such a firm in Toronto, yes.

30 Q. I have a letter from Silks Limited in regard to their production, just as an example of what has been

In March, 1935, it was 1,270,000, and in

In February, 1935, it was 1,454,000, and in

January, 1935, it was 1,454,000.

In March, 1935, it was 1,270,000, and in

March, 1936, it was 1,575,000.

In April, 1935, it was 1,632,000, and in April

1936, it was 1,680,000. Then we have not got any.

THE COMMISSIONER: It is running pretty even.

MR. MURPHY: Yes, my lord.

Q. Now, you see that with the exception of the

first two months, they started to climb up this year,

and it is running just about even.

A. That is, delivered against orders?

I see that.

Q. Yes, and the stock on hand is now 3,404,000,

at least from the last report, as against--

THE COMMISSIONER: 3,304,000?

MR. MURPHY: Yes, my lord.

THE COMMISSIONER: Against 3,304,000?

BY MR. MURPHY: The stock on hand has been

reduced? A. Yes. In other words, the deliveries

have been greater than their production over that

Q. Yes. Do you know Silke Limited, Toronto,

never? A. I know there is such a firm in

Toronto, Yes.

I got a letter from Silke Limited in regard to

their production, just as an example of what has been

going on in the rayon business, and I want to read it to you. This is dated Toronto, June 10th, 1936:

"Complying with your request, the following is our production on rayon goods, in yards.

1935, January, 1,100,000, None,
1936, " " " " 25,177."

MR. BALLANTYNE: 25,177?

MR. McRUER: Yes, 25,177.

THE WITNESS: Does that mean they were not in business then?

MR. McRUER: They were not weaving; they did not start to weave rayon until April.

THE WITNESS: Of 1935?

MR. McRUER: Yes, 1935.

"Then February, 1935, 23,034, None,

February, 1936, 23,034

March, 1935, None,

March, 1936, 34,170

April, 1935, 1,284

April, 1936, 29,877

May, 1935, 7,924,

May, 1936, 33,390

Or a total for the five months of 140,648, in 1936, as against 9,200 yards in 1935.

THE WITNESS: May I see that, please? Would you like me to comment on it? I do not think this is of much value. They did not start weaving until April 1935.

going on in the rayon business, and I want to read it to you. This is dated Toronto, June 10th, 1936:

"Complying with your request, the following

is our production on rayon goods, in yards.

1935, January, None,

1936 " 25,170."

1937 " 25,170."

1938 " 25,170."

THE WITNESS: Does that mean they were not in

business then?

MR. McNEIL: They were not weaving; they did not

start to weave rayon until April.

THE WITNESS: Of 1936?

MR. McNEIL: Yes, 1936.

1937, January, 1936,

1938, January, 1937,

1939, January, 1938,

1940, January, 1939,

1941, January, 1940,

1942, January, 1941,

1943, January, 1942,

1944, January, 1943,

or a total for the five months of 145,848, in 1936,

as against 2,800 yards in 1935.

THE WITNESS: And I am not, I am not, I am not,

that is to say, I am not, I am not, I am not,

that is to say, I am not, I am not, I am not,

1936.

It seems to me that this Company replaced the
L. & L. Textiles.

5 MR. HOOPER: They sold the L. & L. Textiles to
Harry Brown, Limited, Toronto, and they have a different
plant than the L. & L. Textiles had. They have been
manufacturing rayon prior to 1935.

THE WITNESS: Well, it does not show that here.

10 THE COMMISSIONER: No, apparently this is a new
company.

MR. HOOPER: This is a new plant.

THE COMMISSIONER: A new plant?

MR. HOOPER: Yes, my lord.

15 THE COMMISSIONER: But the same company?

MR. HOOPER: Operating the L. & L. Textiles.

THE WITNESS: I think the L. & L. Textiles is
practically shut down. That was my information in
February, sir. I don't know what has happened
20 since.

BY MR. McRUER: Q. Did Japanese competition close
them up? A. I don't know whether it was that or not,
I cannot say.

25 Q. Well, it is surprising that they did not take
the opportunity of saying so anyway. A. Perhaps
they saw what happened to one company.

30 Q. Well now, just before I proceed to deal with
some of these examples that have been filed, there
is something I want to get some information on,
and if you have not got it I want to get it before

L. & L. Textiles.

MR. HOOPER: They said the L. & L. Textiles to

Harry Brown, Limited, Toronto, and they have a different plant than the L. & L. Textiles had. They have been

THE WITNESS: Well, it does not show that here.
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MR. HOOPER: Yes, my lord.

MR. HOOPER: Operating the L. & L. Textiles.

THE WITNESS: I think the L. & L. Textiles is

practically shut down. That was my information is

February, sir. I don't know what has happened

since.

BY MR. McNEIL: Q. Did Japanese competition close them up? A. I don't know whether it was that or not.

. Well, it is surprising that they did not take the opportunity of seeing so anyway. A. Perhaps they saw what happened to one company.

Q. Well now, just before I proceed to deal with

some of these examples that have been filed, there

is another example of a very recent date, and

and it was not until I was in the office

we leave you altogether. In the Montreal Cottons' Financial Statement for the year ended December 31st, 1935, Exhibit 280, there is an item in the Statement of Profit and Loss Account Executive Salaries, \$24,343.28. Directors' fees, \$6,400, and legal expenses, \$4,094.00.

THE COMMISSIONER: That is not much?

MR. McRUER: No, it will be more this year.

Q. And in the statement of 1934, there is no item that appears in the Montreal Cottons Profit and Loss Statement for those executive salaries? A. No.

You see we are governed by the Companies Act as it is revised from year to year, Mr. McRuer. That item is called for this year with the change in the Companies Act.

Q. I see that the item in the Dominion Textiles for 1936 is \$66,912. That is not the legal fees.

A. No, the legal fees are set out.

Q. The legal fees are only \$1100.00. You got off easy last year? A. You mean our customers got off easy.

Q. But you say the reason that was not inserted in previous statements was because of the amendment to the Companies Act? A. It was never called for before, Mr. McRuer. As these things are asked for we naturally show them. There was nothing hidden about it.

Q. Well, I see in the year 1921 that there was an item passed that year of a bonus to Sir Charles Gordon.

...ive you altogether. In the Montreal Cottons' financial statement for the year ended December 31st, 1935, Exhibit 280, there is an item in the statement of Profit and Loss Account Executive Salaries, \$4,000.00.

THE COMMISSIONER: That is not right?

MR. BRYAN: No, it will be more this year.

Q. And in the statement of 1934, there is no item

that appears in the Montreal Cottons Profit and Loss

statement for those executive salaries? A. No.

You see we are governed by the Companies Act as it is

revised from year to year, Mr. Bryner. That item

is added for this year with the change in the

Companies Act.

Q. I see that the item in the Dominion Textiles

for 1935 is \$68,912. That is not the legal fees.

A. No, the legal fees are set out.

Q. The legal fees are only \$100,000. You got off

easy last year? A. You mean our customers got

off easy.

Q. But you say the reason that was not inserted

in previous statements was because of the amendment to

Companies Act. Is it not correct, Mr. Bryner?

MR. BRYAN: In these things are asked for we naturally

have to have some thing to put in there.

Q. Well, I see in the year 1931 that the e was

in the year 1931 that the e was

of \$35,000, and a bonus to Sir Herbert Holt, of \$7,000.

A. In the Textile Company.

Q. Yes? A. Yes. You read that in the Minutes.

Q. Yes, I read that from the Minutes? A. Of
5 a Directors' Meeting.

Q. And what piqued my curiosity, to be very frank,
Mr. Gordon, was why these items appeared on Election
years? A. Oh. Well, I think the true circumstances
10 there, Mr. McRuer, if I may say so, are, that so far
as Sir Charles Gordon is concerned, at least, he was
away in Washington part of the time when the other
officers of the Company were getting bonuses during the
war years, which, I think, are properly shown in the
15 books. There is nothing secret about them. The
help had as well. We had war bonuses. I had them
here, if you want to get them. But at that Directors'
meeting they decided that both Sir Charles and Sir
20 Herbert should get something to make up for that they
had been - not deprived of, but that they had not had
up to that point, whereas the regular people who had
been there, such as Mr. Daniels and others, had
participated right up to that time.

Q. They had got their bonuses? A. They had
25 something in addition to their rather small salaries,
which is the custom in the cotton business.

Q. Well, I do not know whether you can answer it -
30 I don't suppose you can - but these bonuses that the
management got would rather compensate them for the

of \$50,000, and a bonus to Mr. Herbert Holt, of \$7,000.
 In the textile company.

Q. Yes. You read that in the minutes.
 A. Yes, I read that from the minutes. A. Q.

and what piqued my curiosity, to be very frank,
 Mr. Gordon, was why these items appeared on Director

years? A. Oh, well, I think the true explanation
 there, Mr. Gordon, if I may say so, are, that so far

as Mr. Charles Gordon is concerned, at least, he was
 away in Washington part of the time when the other

officers of the company were getting bonuses during the
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Herbert should get something to make up for what they
 had been - not deprived of, but that they had not had

up to that point, whereas the regular people who had
 been there, such as Mr. Daniels and others, had

participated right up to that time.
 They had got their bonuses? They had

something in addition to their regular salary, which
 is the custom in the cotton business.

Q. Well, I do not know whether you can answer it -
 I am not sure you can - but these bonuses that the

company got would have been bonuses that the

good management of the company. A. It would encourage them to keep on.

5 It was for the purpose of compensating them for the good management of the Company? A. Well, I do not suppose they could have been paid unless the company had been well managed.

10 Q. I say, it was for the purpose of compensating them for the good management of the Company - a little extra compensation. A. Yes, it was a reward,

whether the management was good or bad; it was a reward for their efforts at any rate.

15 A. Well, the management having been amply compensated by bonuses and salaries, I am wondering why Sir Herbert's explanation of the large dividends could be justified --

MR. GEOFFRION: The profits were there.

THE COMMISSIONER: You say, Sir Herbert's explanation?

20 MR. McRUER: I asked him to justify the large dividends that were paid on the investment of \$500,000, and he said it was because the Company had been well managed.

25 MR. GEOFFRION: It made the profit because it was well managed.

THE COMMISSIONER: Perhaps I am wrong, Mr. McRuer, but didn't he say in answer to your question that it could be attributed to good management.

30 MR. McRUER: Yes, a combination.

THE COMMISSIONER: What is the point now, what is the connection?

Below is a summary of the information received

no need of more evidence.

... I say, I was for the purpose of communicating

THE WITNESS: I don't know, sir.

MR. McRUE: I just thought, that if the management had been bad, then it just left it ~~at~~ that the profits were divided and could not be taken in any way, as a management fee to the people that organized the Syndicate.

MR. GHOFFRION: It was not to the management alone. It went to all the shareholders who did not participate in the management.

THE WITNESS: Anything the management got out of these small bonuses probably would look pretty small to a good lawyer.

MR. McRUE: Would look small to a good lawyer? Well, I am not a good lawyer.

THE WITNESS: I think that \$7,000 that Sir Herbert got was spread over, - you must take those two figures that you read out from the evidence and realize that these were spread over three to four or five years---

Q. Oh well, dear me, Sir Herbert still had his stock, that he was drawing out 115 Per cent. on --
A. No, you said he had given it away, or at least some of it.

Q. Oh well, it was in the family, it did not get very far away.
A. They may have spent it.

THE COMMISSIONER: He said he kept \$5,000 and divided the rest among the members of his family.

BY MR. McRUE : . However, that is too far away

THE WITNESS: I don't know, sir.

MR. McINERNEY: I just thought, that if the management

had been bad, then it justified it in that the profits

were divided and could not be taken in any way.

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Syndicate.

MR. GREGG: It was not to the management alone

It went to all the shareholders who did not participate

in the management.

THE WITNESS: Anything the management got out of

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to a good lawyer.

MR. McINERNEY: Would look small to a good lawyer?

Well, I am not a good lawyer.

THE WITNESS: I am not a good lawyer.

get was spread over, - you must take those two

figures that you read out from the evidence and

realize that there were spread over three to four or

five years---

A. Oh well, dear me, Mr. Herbert still had his

stock, that he was drawing out 15 per cent. on --

A. No, you said he had given it away, or at least

some of it.

A. Oh well, it was in the family, it did not get

very far away. A. They may have spent it.

THE WITNESS: I am not a good lawyer.

MR. McINERNEY: I am not a good lawyer.

BY MR. McINERNEY: However, that is too far away

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from Japanese competition, Mr. Gordon. My friend, Mr. Geoffrion, asked you pointedly why it is you closed the mill? A. Yes.

Q. At Sherbrooke? A. Yes.

Q. And your answer was, that it seemed that at the end of the first two weeks in January the trade had changed their buying policy? A. Well, I don't think I said that in answer to Mr. Geoffrion's question?

Q. Oh, yes. A. I said that certainly later on. Perhaps I may; it is true.

Q. I wrote it down? A. It will be in the record anyway.

Q. You were asked the question pointedly as to why you closed the mill, and you said that at the end of the first two weeks in January the trade had changed, or it seemed that the trade had changed its buying policy, and then you proceeded to give us the evidence about new orders, new specified orders, bulk orders, and so on. A. Yes, that was ---

Q. That was given. Now, had you had made up any statement as to bulk orders, specified orders, or new specified orders at that time? A. No, we had not got all this detail at that I gave you this morning, certainly not. But we had the bare facts for those two weeks, the trend was there.

Q. What were the facts for those two weeks? A. The facts were, that whereas we had large bulk orders placed

Q. Now, when you say that the trade was changed, what do you mean by that?

A. Mr. Geoffrey, asked you pointedly why it is that

closed the mill?

A. Yes, I did.

Q. And your answer was, that it seemed that at

end of the first two weeks in January the trade

had changed their buying policy?

A. Well, I don't think I said that in answer to Mr. Geoffrey's

question.

Q. Oh, yes. A. I said that certainly later

perhaps I may; it is true.

Q. I wrote it down? A. It will be in the re-

anyway.

Q. Now, when you say that the trade was changed, what do you mean by that?

A. You closed the mill, and you said that at the end

of the first two weeks in January the trade had changed

or it seemed that the trade had changed its buying

policy, and then you proceeded to give us the evidence

about new orders, new specified orders, bulk orders,

and so on.

Q. Now, when you say that the trade was changed, what do you mean by that?

A. I said that at that time, any statement as to bulk orders, specified orders,

or new specified orders at that time?

A. No, we had not got all this detail at that time.

Q. But we had the bare facts?

A. Yes, we had the bare facts.

Q. Now, when you say that the trade was changed, what do you mean by that?

A. I said that at that time, any statement as to bulk orders, specified orders,

6580

Gordon

in the same two weeks the previous year we had none that year.

Q. Was that true at Montreal Cottons? A. No, I don't think so.

Q. Well now, Mr. Gordon -- A. It was true to this extent, that on the RT-58, and the VZ 75, we had actually, so it happened, ceased production of those two lines just prior to the beginning of the year, because we had quite a large stock in the grey--

Q. Just let me get that.

BY THE COMMISSIONER: Q. Will you repeat that again, please. It was true what? A. I mean, that was the information I had at the moment about Montreal Cottons. RT 58, 37 inches, that is the line that competes with the--

Q. RT 58? A. Yes, RT 58. We had ceased producing that cloth.

Q. Is that Ming Toy? A. One of the Ming Toy range.

Q. Because you had a large stock on hand? A. Well, we had built up grey cloth stocks on that fabric, yes.

Q. And you had ceased production on it? A. Yes. Q. And that had nothing whatever to do with Japanese competition? A. No, it hadn't at that time.

Q. No, of course, it had not at that time. A. I want to make it plain, we are not saying that on that particular cloth at Montreal Cottons, that the

in the same two weeks the previous year we had none
last year.

... the first time at ...
I don't think so.

... it was ...
this element, last on the ... and the ... we
had ... so it ... ceased ... of
those two lines just prior to the beginning of the
year, because we had ... a large stock in the ...
... let me get that.

By the ... will you repeat ...
please. It was true what ... I mean, that was
the information I had at the moment about ...
... RT ... that is the ... that

...
...
... that ...

... is that ...
range.

... how do you ... a large stock on hand?
... well, we ... only ... on that
fabric, ...

... had ... on ...
... had ... to do with ...
... No, it ... at that time.
... of course, it ... at that time.

... I ...
... that ...

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Gordon

the reason our looms were not operating after the 1st of January was only because of Japanese competition; that is all I am saying.

5 BY THE COMMISSIONER: Q. Will you please repeat that?

A. I said, sir, on this particular cloth the fact is that we have not produced any since January 1st; the reason that we were not running them after January 1st, was because we had allowed the looms to run out just prior to that, because we had a large stock on hand in the grey, and long before this, in the ordinary way, we would have put those looms on again, but we have not done so because of trade conditions.

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15 BY MR. McRUER: Q. That is only pure conjecture on your part, is it not, Mr. Gordon? A. That is a fact.

Q. You do not suggest that it is because of Japanese cloths selling in the Canadian market that has prevented you from doing so, do you? A. Well, --

20 Q. Because I am going to call the people that buy and sell it, Mr. Gordon? A. You can call them if you like. I do not think we would engage in the production of that cloth after what we have seen.

25 Q. Well, are you seriously saying it is because of the sale of these Japanese cloths? I want a frank statement.

THE COMMISSIONER: Saying what?

30 BY MR. McRUER: Q. That the reason you have not resumed production of RT 58 was because of the sale of

Gordon

1881

in reason our losses were not operating after the last
of January was only because of Japanese competition;
that is all I am saying.

BY THE COMMISSIONER: Q. Will you please repeat the
... I said, sir, on this particular cloth the fact is
that we have not produced any since January last;
the reason that we were not turning them after January
last, was because we had allowed the looms to run out
just prior to that, because we had a large stock on
hand in the grey, and long before this, in the ordinary
way, we would have put those looms on again, but we
have not done so because of time conditions.
BY MR. MEMPHIS: A. That is only one conjecture
on your part, is it not, Mr. Gordon? A. That is a

A. You do not suggest that it is because of Japanese
clothes selling in the Canadian market that has prevented
you from being so, do you? A. Well, --
A. Because I am going to call the people that buy
and sell it, Mr. Gordon? A. You can call them
in any way, I am not going to call them in any
production of that cloth after what we have seen.
A. Well, are you seriously saying it is because
of the sale of these Japanese clothes? I want a

Thank you very much.

this Japanese cloth, 27-inch taffeta, Exhibit 128;
I want your statement on it, whichever way it is.

5 A. I looked at this cloth; I had this cloth in my hand;
I had some of this cloth in my hand a couple of months
ago, Mr. McRuer, and at that time, you, Mr. McRuer,
pointed out streaks, and so on and that the fabrics
slipped, and that it was a better quality than our
own, or better workmanship.

10 Q. That it was better workmanship than your own?

A. I am sorry, Mr. McRuer, the other way around, that
our workmanship was better than this.

Q. That is getting a long way from our question?

15 A. I do not know that those particular samples that
you put in front of me here are representative of the
goods that have been coming in or that will come in--

Q. No, no, Mr. Gordon -- A. You pointed out
that there were some flaws in those goods.

20 Q. I am not talking about flaws. What I am saying
is, - and you can answer it one way or another - do
you suggest that you have not resumed production of
RT 58 because of the sale of these Japanese samples,
these Japanese goods on the Canadian market?

25 A. Yes.

Q. You say that is the reason you have not resumed
the production? A. Yes, that is the reason.

Q. You are swearing to that? A. Yes.

30 Q. With what firms have you been unable to do
business with in Ming Toy because they are handling

This Japanese cloth, 27-inch fabric, Exhibit 128;

I want your statement on it, whichever way it is.

A. I looked at this cloth; I had this cloth in my hands;

I had some of this cloth in my hand a couple of months

ago, Mr. Nelson, and at that time, you, Mr. Nelson,

pointed out evidence, and so on and said the fabric

aligned, and that it was a better quality than our

own, or better workmanship.

Q. That it was better workmanship than your own?

A. I am sorry, Mr. Nelson, the other way around, that

our workmanship was better than this.

Q. That is getting a long way from our question?

A. I do not know that these particular samples that

you put in front of me here are representative of the

goods that have been coming in or that will come in--

Q. No, no, Mr. Gordon -- A. You pointed out

that there were some flaws in those goods.

Q. I am not talking about flaws. What I am saying

is, -- and you can answer it one way or another -- do

you or not that you have not resumed production of

it because of the sale of these Japanese samples,

these Japanese goods in the market?

Q. You say that is the reason you have not resumed

the production? A. Yes, that is the reason.

Q. You are agreeing to that? A. Yes.

Q. With what time have you been unable to do

business with in kind, I am assuming they are kind of

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these goods? A. Well, I think we have been selling some of our stock to firms; I would not say we have not been able to do business in ---

5 Q. I want to know with what firms has your business been interfered with in the sales of Ming Toy?

A. I would have to make up a list for you, Mr. McRuer.

Q. Because of the sales of these Japanese goods?

10 A. I would say, speaking as closely as I can in detail at the present time, to the larger departmental stores.

Q. Tell me the names of them? A. Simpson's, Eaton's---

Q. Simpson's? A. Yes.

15 Q. Eaton's? A. Yes.

Q. Eaton's. You are swearing now, Mr. Gordon?

A. So far as I can tell, this is my idea of the stores to which we have not been selling those goods, or to whom we would not have been producing those goods for, because as I pointed out, we had a stock at the first of the year, and we have had to dispose of it, as far as we can.

Q. We do not want to be confused about it.

25 I want your statement of the firms who have failed to purchase your product Ming Toy because they were selling those Japanese goods? A. Well, I know that Gauvreau-Beaudry --

30 Q. Did Gauvreau-Beaudry sell one yard of those goods? A. Yes, they have imported quite a bit and sold quite a bit.

these goods? A. Well, I think we have been

selling some of our stock to firms; I would not say

we have not been able to do business in ---

.. I want to know with what firms has your business

been interfered with in the sales of Ming Toy?

A. I would have to make up a list for you, Mr. Robert,

.. Because of the sales of these Japanese goods?

A. I would say, speaking as closely as I can in detail

at the present time, to the larger departmental stores,

Q. Tell me the names of them? A. Simpson's,

Baron's---

A. Baron's? A. Yes.

A. Baron's. You are swearing now, Mr. Gordon?

A. So far as I can tell, this is my idea of the

stores to which we have not been selling those goods,

or to whom we would not have been producing those

goods for, because as I pointed out, we had a stock

at the first of the year, and we have had to dispose

of it, as far as we can.

.. We do not want to be confused about it.

I want your statement of the firms who have failed

to purchase your product Ming Toy because they were

A. The Ontario-Manitoba sell one yard of those

goods. I am not sure if they have imported since a bit

and will write a list.

Q. Of those? A. You show that file to me of that class of goods, of this Japanese narrow rayon, but I don't know whether they have all got streaks in them like this--

Q. Would you produce to me your trade with Gauvreau-Beaudry, over 1935 and 1936? A. In all lines of goods?

Q. In all lines of goods? A. Yes.

Q. Now, name any other firm. I want to see the extent of this business? A. I am sorry, Mr. McRuer. I really have not got the ability, or perhaps the time, to be fully in touch with the whole side of the selling angle, but I will do the best I can here and tell you the firms, so far as I know, that would enter into this picture the way you are putting it.

Q. Now, you have sworn to something, Mr. Gordon, and if you are going to swear to something here --

A. I said we had not produced any goods in the grey, since the beginning of the year, on this line. I said the reason was we did not want to be put in the position of producing unless we were able to sell.

Q. Then, are you withdrawing the statement that the reason you have not been able to sell RT 58 is because of the sale of these Japanese goods?

MR. GEOFFRION: That is your statement.

THE WITNESS: I am not withdrawing anything.

BY MR. McRUER: Q. You have sworn to it, and if

Q. Of those?

A. That class of goods, of this Japanese nation, rayon,

but I don't know whether they have all got across

in that like case--

Q. And you think they have not got across?

A. In all goods, over 1933 and 1934?

line a of goods?

A. Yes, in all lines of goods?

A. Now, name any other firm. I want to see

the extent of this business? A. I am sorry, Mr.

McNorton. I really have not got the ability, or perhaps

the time, to be fairly in touch with the whole side

of the selling angle, but I will do the best I can

now and tell you the firms, so far as I know, that

would enter into this picture the way you are putting

it.

A. Now, you have seen to something, Mr. Gordon,

and if you are going to answer to something here --

A. I said we had not produced any goods in the city,

since the beginning of the year, on this line.

I said the reason was we did not want to be put in

the position of producing unless we were able to sell.

Q. Then, are you withdrawing the statement that

the reason you have not been able to sell is

because of the sale of these Japanese goods?

A. Yes, that is the reason.

Q. And you are not going to sell any more of these

goods, are you?

you are going to swear to it I am going to find out
the foundation on which you make it.

MR. GEOFTRION: It was your statement and not his.

MR. McRUER: Well, if I am wrong, all right.

THE COMMISSIONER: Well, what is the statement that
you attribute to the witness.

MR. McRUER: That they have not been selling RT 58
because these Japanese goods have been selling in
their place.

BY THE COMMISSIONER: Q. you made that statement,
did you?

THE WITNESS: I said that we would not engage in
the further production of these goods because the
Japanese goods would sell in their place.

BY MR. McRUER: That is a very different statement.
A. No, it is not, read the record and you will know
what I said, sir.

Q. I don't want any mistake about it. If I am
wrong then we are going to have it right. Do you
say, that you have no knowledge as to whether these
goods have been selling in place of RT 58 and that
is the reason you have not been selling RT 58?

A. Yes, that is the reason.

Q. You swear that is that is the reason?

A. That is the reason.

Q. All right. A. To the best of our knowledge.

Q. Then I want to know on what you base that
statement? A. Well, on the facts.

You are going to swear to it I am going to find out

the foundation on which you make it.

MR. GLOVER: It was your statement and not his.

MR. ROBERTS: Well, if I am wrong, all right.

THE COURT: Well, what is the statement that

you are going to the witness.

MR. ROBERTS: That they have not been selling it so

because these Japanese goods have been selling in

their place.

BY THE COURT: Well, you made that statement,

and I said that we would not engage in

the further production of these goods because the

Japanese goods were sold in their place.

MR. ROBERTS: That is a very different statement.

A. No, it is not, read the record and you will know

what I said, sir.

A. I don't want any mistake about it. If I am

wrong then we are going to have it right. Do you

say, that you have no knowledge as to whether these

goods have been selling in place of RT 33 and that

is the reason you have not been selling RT 33?

A. Yes, that is the reason.

A. You swear that is that is the reason?

A. That is the reason.

A. To the best of our knowledge.

A. Then I want to know on what you base that

A. Well, on the facts.

Q. What facts? A. The facts that Japanese goods of that nature are being imported by various people and being sold.

5 BY THE COMMISSIONER: Q. And you mentioned this firm of Geauvreau & Beaudry? A. Yes, sir; they are wholesalers in Quebec.

10 Q. That is the only one I have? A. Yes, that is the only one that I have mentioned specifically, but I can get a complete list for you, and I can give you importers of such fabrics.

15 BY MR. McRUER: Q. I want you to tell me the firms to whom you sold RT 58, and whom you say are not now buying from you because they are selling Japanese goods? A. Yes.

Q. Now, that is perfectly plain, Mr. Gordon?
A. Quite.

20 Q. Because if you are not willing to bring them here to make such a statement I will bring them and ask them. A. Well, I don't know that we would be in a position to bring them.

25 Q. Yes, you can bring anybody you like, because you are coming here and telling the reason, that people are not selling your goods, and I am going to bring the people that you say are not selling the goods because they are selling Japanese goods?

A. Yes.

30 Q. As a matter of fact, are there not a great many other people that make a similar fabric to RT 58?

Goods of these nature are being imported by various

BY THE COMMISSIONER: s. and you mentioned this

... ..

• That is the only one I have?

is the only one that I have mentioned specifically.

30200 4

be in a position to bring them.

Yes, you can bring anybody you like.

A. In Canada?

Q. Yes? A. No. There may have been one small firm up in Toronto, But apart from them Montreal Cottons has the field to themselves, on those two fabrics.

Q. How would they come to have the field to themselves in a particular fabric such as this?

A. Well, it is a narrow, cheap fabric that a regular silk mill would not consider worth their while being bothered with. Now, I have the full figures here on this taffeta. They show that, as I said, the production of goods in the grey has been nothing since the beginning of this year; this was up to the end of March.

Q. And you had determined it should be nothing before any question of Japanese importations arose?

A. Yes, we had run the looms off.

Q. Why had the stock piled up? Had the sales of it been slackening off on the Canadian market?

A. Well, I can tell you that, Mr. McRuer, by looking at this. The production in the grey mill was as follows:- In the year 1935, January, 19,745 yards,

Q. Have you an extra copy? A. No, I am sorry I have not.

Q. All right, go ahead.

BY THE COMMISSIONER: Q. Are you taking in this year? A. This is 1935, my lord. We have not produced any this year:-

Q. Now would they come to have the field to them-
selves in a particular fabric such as this?
A. Well, it is a narrow, cheap fabric that a regular
silk mill would not consider worth their while being
bothered with. Now, I have the full figures here
on this subject. They show that, as I said, the
good color of goods in the grey has been reaching since
the beginning of this year; this was up to the end
of March.
Q. And you had determined it should be nothing
before any question of Japanese importations arose?
A. Yes, we had run the looms off.
Q. Why had the stock piled up? Had the sales
of it been slackening off on the Canadian market?
A. Well, I can tell you that, Mr. Hester, by looking
at this. The production in the grey mill was as
follows: - In the year 1933, January, 19,745 yards;
Q. Have you an extra copy?
A. No, I am sorry
I have not.
Q. Now you are saying that you were in this
position in 1933, my lord, I have not

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February, 21,990.00

March 23,348

April 3,439

May, 5,030

June, 6,411

July, 5,364

August, 5,412

September, 6,359

October, 356

November, Nothing,

December, Nothing; and nothing since.

BY THE COMMISSIONER: Q. Nothing in November and nothing in December? A. No, sir. The looms had been run off, apparently, at the end of October.

BY MR. McRUER: Q. They were practically run off at the end of September? A. Well, yes. They only produced 356 yards in October.

BY THE COMMISSIONER: Q. What was the cause of that? A. Because, sir, by the end of September we had stocks accumulated of that cloth of 49,669 yards in the grey, 750 yards in process, and 19,000 yards of finished stock. Those are yards and not pieces. The figures are big but they really do not represent tremendous figures.

BY MR. McRUER: Q. Wait a minute. Let me see just how this goes. September, you had orders on hand of 14,850? A. Yes, those are for finished goods, orders on hand.

21,000.00

February

12,000.00

March

10,000.00

April

10,000.00

May

10,000.00

June

10,000.00

July

10,000.00

August

10,000.00

September

10,000.00

October

10,000.00

November

Nothing

Nothing

Nothing

Nothing

since

BY THE COURT: ... nothing in November and

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... had been run off, apparently, at the end of October.

BY THE COURT: ... They were practically run off

at the end of September?

A. Well, yes. They

... were run off at the end of September.

BY THE COURT: ... and was the case of

that?

A. Because, sir, by the end of September

in the grey, 700 yards in process, and 10,000 yards

of finished stock. Those are yards and not pieces.

The figures are big but they really do not represent

...

...

...

Q. For finished goods? A. Those are not orders on the grey mill.

Q. How do you know? A. Because the practice at Montreal Cottons is somewhat different. The two plants are all one, you see. I mean the whole thing is in one plant.

Q. All right, go ahead. You were going to make some other statement? A. Well, the orders on hand at that time, at the end of September, were 14,850 pieces. The orders on hand at the end of March were 5,100. That, of course, was because we had made shipments in March.

Q. Well, just give the orders on hand in March of the previous year? A. The orders on hand in March of the previous year were 4350.

Q. So the orders on hand March of this year were greater than they were in March of last year?

A. Yes, slightly.

Q. All right. I cannot see how your business was falling off; I do not see how this table proves the vanishing business at all.

THE COMMISSIONER: What table is that, is that a new table?

MR. McRUER: It is the one Mr. Gordon is just reading from, my lord.

THE WITNESS: This table shows that the orders booked, in May and June of last year amounted to 16,600 yards in May and 13,000 in June; and then the

Q.

A.

Q. Now, the first thing I want to ask you is, what was the first thing you saw when you got on the bridge?

A. The first thing I saw was the bridge.

Q. Now, the second thing I want to ask you is, what was the second thing you saw when you got on the bridge?

A. The second thing I saw was the bridge.

Q. Now, the third thing I want to ask you is, what was the third thing you saw when you got on the bridge?

A. The third thing I saw was the bridge.

Q. Now, the fourth thing I want to ask you is, what was the fourth thing you saw when you got on the bridge?

A. The fourth thing I saw was the bridge.

Q. Now, the fifth thing I want to ask you is, what was the fifth thing you saw when you got on the bridge?

A. The fifth thing I saw was the bridge.

Q. Now, the sixth thing I want to ask you is, what was the sixth thing you saw when you got on the bridge?

A. The sixth thing I saw was the bridge.

Q. Now, the seventh thing I want to ask you is, what was the seventh thing you saw when you got on the bridge?

A. The seventh thing I saw was the bridge.

Q. Now, the eighth thing I want to ask you is, what was the eighth thing you saw when you got on the bridge?

A. The eighth thing I saw was the bridge.

Q. Now, the ninth thing I want to ask you is, what was the ninth thing you saw when you got on the bridge?

A. The ninth thing I saw was the bridge.

Q. Now, the tenth thing I want to ask you is, what was the tenth thing you saw when you got on the bridge?

A. The tenth thing I saw was the bridge.

Q. Now, the eleventh thing I want to ask you is, what was the eleventh thing you saw when you got on the bridge?

A. The eleventh thing I saw was the bridge.

Q. Now, the twelfth thing I want to ask you is, what was the twelfth thing you saw when you got on the bridge?

A. The twelfth thing I saw was the bridge.

Q. Now, the thirteenth thing I want to ask you is, what was the thirteenth thing you saw when you got on the bridge?

A. The thirteenth thing I saw was the bridge.

Q. Now, the fourteenth thing I want to ask you is, what was the fourteenth thing you saw when you got on the bridge?

A. The fourteenth thing I saw was the bridge.

6590

Gordon

bookings fell away down in July and August to 750 and 500 respectively.

. You cannot attribute that to Japanese competition?

5 THE COMMISSIONER: No, I was going to say that would not be Japanese competition?

THE WITNESS: No, that was the off-season. In September it came up to 2,000, October, 1550, and November 8100.

10 BY MR. McRUER: There is a big jump there? A. Yes. December, 4250, and January 1750 pieces.

Q. Well now, we have the change from yards to pieces? A. I am sorry. It should be yards, 15 all yards. February, 350 yards, and March 2,750 yards. Those are orders booked against our stock, of course.

Q. Well, your stock on hand now at the end of March this year? A. It was 27,631 yards as compared 20 with 31,063 yards at the end of December, that is, finished goods.

Q. Well really, Mr. Gordon, take one particular fabric. Your business fluctuates in a year from dozens of different causes, from one to another? A. Yes.

25 Q. To be really fair? A. Oh it may, yes.

Q. There may be a change in the style, a change in some other body starting up on to something else, getting the market every little while; you are switching from one kind of fabric to another all the time?

30 A. On this particular fabric, you can talk around it, but the fact is they have been coming in and have

bookings fell away down in July and August to 750

and 500 respectively.

Q. You cannot attribute that to Japanese competition?

A. The General Manager: No, I am going to say that

not be Japanese competition.

THE GENERAL MANAGER: No, that was the off-season. In

September it came up to \$5,000, October, 1950, and

November \$100.

BY MR. McNEIL: There is a big jump there? A. Y.

December, 4,250, and January 1700 pieces.

Q. Well now, we have the change from yards to

pieces? A. I am sorry. It should be yards.

all yards. February, 200 yards, and March 2,750 yards.

Those are orders booked against our stock, of course.

Q. Well, your stock on hand now at the end of March

this year? A. It was 27,500 yards as compared

with 31,000 yards at the end of December, that is,

finished goods.

Q. Well really, Mr. Gordon, take one particular

fabric. Your business fluctuates in a year from dozens

of different fabrics, from one to another? A. Yes.

Q. To be really fair? A. Oh it may, yes.

Q. There may be a change in the style, a change

in some other body starting up or to something else,

getting the market every little while; you are switching

from one kind of fabric to another all the time?

A. On this particular fabric, you can talk around it,

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been selling, and we would be very foolish to attempt
to go back into the manufacture of goods --

THE COMMISSIONER: Well, I think we will give
the Reporter a rest now.

BY MR. McRUER: Q. Will you file that?

A. Yes.

THE COMMISSIONER: Oh, you wish to file that now?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: All right, that will be
Exhibit 437.

EXHIBIT 437: Summary of production, orders
booked, shipments, etc. for
January, February and March,
1936 - Montreal Cottons Limited.
and same information for 1935.

--

(Page 6595 follows)

Gordon

1931

been selling, and we would be very foolish to attempt
to go back into the manufacture of goods --

THE COMMISSIONER: Well, I think we will give

the reporter a rest now.

BY MR. MONTGOMERY: Will you file that?

A. Yes.

THE COMMISSIONER: Oh, you wish to file that now?

MR. MONTGOMERY: Yes, my lord.

THE COMMISSIONER: All right, that will be

excluded.

Summary of production, orders
received, shipments, etc. for
January, February and March,
1930 - Montreal Cottons Limited.
and same information for 1929.

(Now read aloud)

-- On resuming after recess.

BY MR. McRUER: Q. Now, Mr. Gordon, when you were in
Ottawa visiting the Ministers had you taken the trouble
at that time to ascertain what was the nature of the
goods that might come in competition with your goods,
that is, goods from Japan? A. No. We only
had the values established by the quotations on the
rayon taffetas.

Q. I want to have everything that you had at that
time. Now, give me the letter that was filed this
morning to Anderson, the blue one?

THE COMMISSIONER: What exhibit is that?

ASST. SECRETARY RENE: Exhibit 420, my lord.

MR. McRUER: Now, will you get me out -- this is
417, Fisher to Anderson. Get me out 148, if you
please.

THE COMMISSIONER: 148?

MR. McRUER: Yes, please.

THE COMMISSIONER: That is the same letter, isn't
it, Mr. McRuier?

MR. McRUER: I just want to see what it is. I
thought it was.

THE WITNESS: I think the letters written to the
different wholesalers were all in the same terms, sir.

Q. No, this is the letter to Anderson and there is
a little curious feature about it that I want to see if
I can iron out with you. This is a copy of a letter
from Fisher to Anderson that was filed in your evidence
when you gave evidence on the 8th of April, 1936.

A. Yes, in Montreal.

-- on resuming after recess.

BY MR. McRUR: Q. Now, Mr. Gordon, when you were

Ottawa visiting the Ministers had you taken the trouble

at that time to ascertain what was the nature of the

goods that might come in competition with your goods,

that is, goods from Japan?

A. No.

had the values established by the quotations on the

market.

A. I want to have everything that you had at the

time. Now, give me the letter that was filed this

morning to Anderson, the blue one?

THE COMMISSIONER: What exhibit is that?

THE COMMISSIONER: That is the same letter, isn't it?

MR. McRUR: Now, will you get me out -- this is

417, Fisher to Anderson. Get me out 1A8, if you

please.

THE COMMISSIONER: 1A8?

MR. McRUR: Yes, please.

THE COMMISSIONER: That is the same letter, isn't it?

11, Mr. McRUR?

MR. McRUR: I just want to see what it is.

THE COMMISSIONER: 1A8.

THE WITNESS: I think the letters written to the

different wholesalers were all in the same terms, sir.

A. No, this is the letter to Anderson and there

a little curious feature about it that I want to see if

I can iron out with you. This is a copy of a letter

from Fisher to Anderson that was filed in your evidence

when you gave evidence on the 8th of April, 1936.

A. Yes, in Montreal.

THE COMMISSIONER: Exhibit 148. A. It was filed during the course of my evidence. I don't think I produced it, did I?

BY MR. McRUER: Q. Well, we will find exactly how it did get in. Page 2072--

Q. I want to get this quotation from Fisher if I can so that we are not in the air about that. Is this document I show you a copy of the quotation from Fisher? It, again, comes from that brief which was produced to you."

That was the brief that was given to us by Mr. Heward at Montreal. A. Or by Mr. Berry?

Q. No, from Mr. Heward, this brief.

A. Yes. I do not know whether this was attached at the time.

MR. HEWARD: Which brief do you refer to?

MR. McRUER: That--"

MR. GEOFFRION: "That was given to me by Mr.

Lancetot."

MR. McRUER: Yes, by Mr. Lancetot.
(Reads)

"Mr. Ballantyne checks with the witness.

THE WITNESS: Yes, this appears to me to be a copy of the letter, what you might call a circular letter, written by that agent Fisher. He was not the only one, of course.

MR. McRUER: Well, he was the only one that you had copies of the quotation from at the 15th of January? A. He was not the only one whose quotations I had knowledge of. I knew that several others --

THE COURT: Exhibit 1A.
A. I think
I produced it, did I?
BY MR. HENNER: Well, we will find exactly how
it did get in. Page 207--
"I want to get this quotation from Fisher it
I can so that we are not in the air about that.
Is this document I show you a copy of the one-
brief which was produced to you."
That was the brief that was given to me by Mr. Henner
at the time.
A. Yes. I do not know whether this was attached
to the brief.
A. No, from Mr. Henner, this brief.
A. Yes. I do not know whether this was attached
at the time.
MR. HENNER: Which brief do you refer to?
MR. HENNER: That--
MR. HENNER: "That was given to me by Mr.
Lancet."
MR. HENNER: Yes, by Mr. Lancet.
"Mr. Salientone checks with the witness.
THE WITNESS: Yes, this appears to me to be a
copy of the letter, what you might call a circum-
latter, written by first agent Fisher. He was not
the only one, at least.
MR. HENNER: Well, he was the only one that you
had copies of the quotation from at the time of
Lancet? A. He was not the only one
that was given to me by Mr. Henner."

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Q. I want to get them; I thought yesterday we had cleared it up? A. No, you tied it down I

think to the exact letter and I did not get much chance to be any broader but we knew that other agents were quoting.

Q. We will deal with the other ones because I want to see the whole story. Now, this is a letter dated 4th January, 1935, a copy of a letter addressed to Messrs L. W. Anderson Co., 615 St. James Street.

THE COMMISSIONER: You are putting it in?

MR. McRUER: Yes.

THE COMMISSIONER: It will be exhibit 148."

Now, the copy that we have addressed to Anderson that was given to us by Mr. Lanctot had attached to it three fabrics, a 27 inch plain rayon, a 27 inch brocaded rayon and a cotton crepe and the quotations in the letter were for 27 inch rayon, 27 inch brocaded rayon and 36 inch cotton crepe? A. Yes.

Q. Now, the fabrics you produce, and have them attached to the original letter which went to Anderson are, as far as I can see, entirely different fabrics?

A. I don't think they are, Mr. McRuer. I explained this morning in my evidence that Anderson when he gave us the letter did not have any samples. We asked him to get samples and he got these.

Q. Yes, but the point is this, in this letter dated the 4th of January there are three samples quoted on? A. Yes.

Q. One is a 27 inch plain rayon, the other is a

"I want to get them; I thought yesterday we had
collected it yet? A. No, you did it down I

... exact letter and I did not know
... to be an ... but we know that ...

"We will deal with the other ones because I
want to see the whole story. Now, this is a

... addressed to Messrs E. E. Anderson Co., 615 St.

... street.
THE ORIGINAL: You are sending it in?

The Commission: It will be Exhibit 106."

Now, the only thing we have referred to Anderson that
... had attached to it

... 35 inch plain ... a 37 inch ...
... and a cotton ... and the ... in the

... 37 inch ... 37 inch ...
... and 38 inch cotton ...?

"A. Now, the fabrics you produce, and have them
... to the original letter which went to Anderson

... as far as I can see, entirely different fabrics?
A. I don't think they are, Mr. ... I explained

this morning in my evidence that Anderson when he gave
us the letter did not have any samples. We asked him

to get samples and he got these.

... but the point is this, in this letter
... of January there are three samples and

... the other is a

27 inch brocaded rayon and the other is a 30 inch cotton crepe? A. We were not interested in the cotton crepe.

5 Q. And there is handed to us by Mr. Lanctot a copy of Anderson's letter with number one sample, a 27 inch plain rayon? A. Right.

Q. And it is given to us as the plain rayon that is quoted in Anderson's letter?

10 THE COMMISSIONER: Now, are these two letters exactly the same?

MR. McRUER: Exactly the same, the same date, same wording.

THE COMMISSIONER: Written to the same person?

15 MR. McRUER: Written to the same person.

THE WITNESS: One is just a copy of the other.

THE COMMISSIONER: But they don't enclose the same samples?

MR. McRUER: But the samples are different.

20 The sample Mr. Gordon produced and the sample Mr. Lanctot produced as being the sample on which the quotation is made, are, you will agree with me, entirely different? A. No, they are exactly the same

25 construction. This just happened to be a pink one and this is a white one, but in the ordering, and as I mentioned particularly in my evidence this morning, the particulars were the same for white as pink.

Q. You say they are the same construction?

A. I would say they are.

30 Q. Exactly the same construction? A. I would say they are taken from the same set of samples.

27 inch produced rayon and the other is a 30 inch

cotton crepe? A. We were not interested in the

cotton crepe.

Q. And there is handed to me by Mr. Webster?

a copy of Anderson's letter with number one sample,

a 27 inch plain rayon? A. Right.

Q. And it is given to me as the plain rayon that

is quoted in Anderson's letter?

THE CHAIRMAN: Now, are those two letters

exactly the same?

MR. McNEIL: Exactly the same, the same date, same

THE CHAIRMAN: Written to the same person?

MR. McNEIL: Written to the same person.

THE CHAIRMAN: One is just a copy of the other.

THE CHAIRMAN: But they don't enclose the same

samples?

MR. McNEIL: But the samples are different.

The sample Mr. Gordon produced and the sample Mr.

Janet produced as being the sample on which the

notation is made, are, you will agree with me, entirely

different? A. No, they are exactly the same.

connection. This just happened to be a pink one

and this is a white one, but in the ordering, and as

I mentioned particularly in my evidence this morning,

the particulars were the same for white as pink.

Q. You say they are the same connection?

A. I think they are.

THE CHAIRMAN: I think they are.

THE CHAIRMAN: I think they are.

Q. I know, but do you say they are the same construction?

A. No two pieces of fabric are the same to the fraction of a pick.

Q. Then, they are not the same? A. They are the same for all commercial purposes, those two are the same.

Q. I am glad to hear you say that because when we come to discuss the question of costs we are confronted at once with the statement that the picks are different, there is two picks more here and two more there, and so on, and they are different. It seems to me when it is convenient you say they are different or they are the same.

A. These things have to be taken into consideration.

Q. To begin with, the sample that is attached to Mr. Lanctot's letter is a white sample and it has got certain flaws in it that I don't see in your pink sample; do you see the streaks on this? A. Well, as I pointed out in my earlier evidence I don't know how representative these flaws are of the goods.

Q. Yes, but is the pink sample the one that was quoted on or the white one?

A. If you are in the business, Mr. McRuer, you will realize that you cannot -- that goods are not sold -- that when you see a sample and the goods are shipped to you you do not get the length that the sample was cut from.

Q. What denier is the pink one? A. The deniers are not worked out here. This shows the basic cloth construction.

Q. I know, but do you say they are the same

A. He two pieces of fabric are

the same to the texture of a pick.

Q. Then, they are not the same?

A. They are the same for all commercial purposes, these two

are the same.

Q. I am glad to hear you say that because when

we come to discuss the question of costs we are

confronted at once with the statement that the picks

are different, there is two picks more here and two

more there, and so on, and they are different. If

seems to me when it is convenient you say they are

A. These are different or they are the same.

have to be taken into consideration.

Q. To begin with, the sample that is attached to

Mr. Banister's letter is a white sample and it has no

certain flaws in it that I don't see in your pink

A. Well, sample; do you see the streaks on this?

Q. I pointed out in my earlier evidence I don't know

how representative these flaws are of the goods.

Q. Yes, but is the pink sample the one that was

A. If you quoted on or the white one?

are in the business, Mr. Webster, you will realize

that you cannot -- that goods are not sold -- that

when you see a sample and the goods are shipped to you

you do not get the length that the sample was out

A. The sample is the pink one?

This shows the best of cloth.

Q. Well, the denier is an important thing?

A. The denier of the yarn, yes; it isn't worked out in this particular analysis but it will be probably the standard Japanese 120 denier.

5 Q. Probably? A. I would say yes, in each case.

BY THE COMMISSIONER: Q. What is the denier?

A. It is the measure of the fineness. It is the count--

MR. McRUER: Not the count --

10 BY THE COMMISSIONER: Q. Count of what?

A. It corresponds, sir, if you call it 150 denier in the silk numbering system, that corresponds to 35s count in the cotton system. That is, it is the gauge, just like number two gauge wire or number three gauge wire.

15 BY MR. McRUER: Q. I think you are confusing it when you are talking of counts. The denier is the thickness of the filament? A. Yes, I just used the word count to illustrate it in connection with counts relation between cotton counts and silk deniers.

20 Q. It becomes very confusing if you use them similarly because the count, when you deal with the count of cotton yarn, the higher the count the finer it gets? That is right.

25 Q. When you deal with the denier, the higher the denier the coarser it is? A. That is right, the systems are opposite.

30 Q. So it is not well to confuse them. For instance 150 denier is a coarser yarn than 140? A. Yes.

Q. But 120 count in cotton yarn is very much

Boston,

6000

Q. Well, the center is an important thing?

A. The center of the gear, yes; it isn't worked out in this particular analysis but it will be probably the standard Japanese 150 device.

BY THE COMMISSIONER: Q. What is the center?

A. It is the measure of the fineness. It is the count

BY THE COMMISSIONER: Q. Count of what?

A. It corresponds, sir, if you call it 150 device in

the silk reeling system, that corresponds to 200

count in the cotton system. That is, it is the

same, just like number two range wire or number three

range wire.

BY MR. ROBERTS: Q. I think you are confusing it

when you are talking of counts. The device is the

thickness of the filament? A. Yes, I just used

the word count to illustrate it in connection with

counts relation between cotton counts and silk fineness

Q. It becomes very confusing if you use them

similarly because the count, when you deal with the

count of cotton yarn, the higher the count the finer

is correct? That is right.

Q. When you deal with the device, the higher the

number the coarser it is? A. That is right, the

systems are opposite.

A. Yes.

the device is a counter part from 150?

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Gordon,

finer one than 110? A. Yes. The basic reason of course, is that in the cotton system they take it on the basis of so many yards to a pound and therefore the greater number of yards that weigh a pound the bigger the number that makes it finer. In the silk system they do just the opposite. The weight of a given number of yards is the key thing and as the weight goes down so does the index or denier go down.

Q. Now, Mr. Gordon, I cannot for the life of me understand these two letters. A. Well, there is nothing --

Q. Well, never mind whether there is nothing. I think there is something. Here is a letter which is written that is produced by Mr. Lanctot as a copy of a letter that was written from Fisher to Anderson-- "Below please find lowest quotations for the following Japanese goods", and there are three types, plain rayon, brocaded rayon and cotton crepe and the prices are given. "We would be glad to hear from you if interested in above, or any other items in Japanese textiles, as we are well equipped to take care of this business".

A. Yes, but --

Q. Just a moment; then, you have produced the original letter which is worded exactly the same but attached to your letter are two rayon fabrics and attached to the copy that was given to me are three rayon fabrics -- A. No, two, the last one is cotton.

Q. Two rayon fabrics and one cotton; now, when

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of course, is first in the cotton system that is a
on the basis of no many yards to a pound and
the greater number of yards that weigh a pound the
bigger the number that makes it first. In the
system they do just the opposite. The weight of
given number of yards is the key thing and as the
goes down so does the index or number of yards.

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understand these two letters.
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A. Well, never mind whether there is nothing.
I think there is something. There is a letter which
is written that is quoted by Mr. Gordon as a copy
of a letter that was written from Japan to London --

"Japanese goods", and there are three types, which
types, produced rayon and cotton crepe and the rayon
are given. "We would be glad to hear from you if
interested in above, or any other items in Japanese
textiles, as we are well equipped to take care of this
business".
A. Yes, but --

A. Just a moment; then, you have produced the
original letter which is quoted exactly the same but
attached to your letter are two rayon fabrics and
attached to the copy that was given to me are three
A. No, two, the last one is

I take the two rayon fabrics I find the one, the plain one attached to your letter is 92 ends per inch -- A. 93.

Q. Or is 93 ends and 55 picks? A. 53 picks.

5 Q. Yours is 27 inches wide and the other is 27-3/8? A. Yes.

10 Q. Yours is 8.69 yards per pound and the other is 9.65 yards per pound. Now, those are commercially different fabrics, surely? A. Well, they are pretty -- in these cloths being finished there is a variation in the width, cuts are sold 27 inches that may run up to 27 1/2 in certain places.

Q. But they are different in the weight?

15 A. Yes, there is a difference in the weight.

Q. There is a whole yard per pound difference in the weight. A. We found in our analysis of Japanese samples that the weight does vary quite a bit.

20 Q. I am taking the samples that are produced to us here as being the samples on which this quotation is made? A. I know but --

25 Q. Well, for goodness sake -- A. I cannot account, Mr. McRuer, for the type of samples that Fisher had on these quotations.

Q. I am talking about the samples on which Fisher quoted to Anderson? A. Well, they are there.

30 Q. What are these then? A. These may have been taken from other samples Fisher was quoting on.

Q. Well, somebody has been giving us something

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I take the two rayon fabrics I find the one, the plain one attached to your letter is 28 ends per inch

inch --

2. or is 28 ends per inch?

3. Yours is 27 inches wide and the other is

27-3/8" A. Yes.

4. Yours is 8.65 yards per pound and the other is

9.65 yards per pound. Now, these are commercially

different fabrics, are they?

they are pretty -- in these fabrics being discussed

there is a variation in the width, one is sold 27

inches that run up to 27 1/2 in certain places.

5. But they are different in the weight?

1. Yes, there is a difference in the weight.

6. There is a whole yard per pound difference in

the weight. A. We found in our analysis

of Japanese samples that the weight goes very quite a

bit.

7. I am taking the samples that are proposed to

us here as being the samples on which this quotation

is based? A. I know but --

8. Well, for goodness sake -- A. I cannot

account, Mr. McNair, for the type of samples that

Fisher had on these quotations.

9. I am talking about the samples on which this

quoted to Anderson? A. Well, they are

10. Are these these? A. These may have

been taken from other samples Fisher was quoting on.

11. Well, would you give me some more

that was not right? A. I don't think so. I cannot tell you just the exact history of these. They are not referred to in the letter. They are not covered by the letter. These were attached in Mr. Lanctot's file to you and they are to typify the type of thing that is being quoted on.

Q. We wanted to know what was being quoted on, what Anderson was getting the quotation on that he could buy and say, there you are, I have placed my order and that is what I am to get.

MR. GEOFFRION: Subpoena Anderson.

BY MR. McRUER: Q. I would have thought it might have been very much better for us to have had that in the first place instead of sort of gossip about them. A. These are all the same type of goods.

Q. Now, the brocaded one, yours that you produced is 94 x 49. The one produced in the other file is 93 x 56. That is 7 picks to the inch more in one than the other and we don't know the denier of yours, and yours is 9.08 yards per pound and this one is 9.53. A. Fisher may have had samples from more than one concern in Japan and been able to sell all these ~~that~~ goods from more than one set of samples.

Q. It is the letter to Anderson that has the quotation -- A. I am producing this and these, as close as we could learn and taking proper precautions, were the goods that were reflected by this letter.

Q. Then might I ask you, did these goods come from

Anderson? A. Yes. Anderson got these from Fisher.

Q. Did he get them at the time the letter was written? A. No. I put it in evidence this morning that we asked Anderson if he would procure the samples on which the quotations were based and he did so.

Q. When did you ask Anderson to procure the samples? A. I cannot give you the date, Mr. McRuer.

Q. Have you any correspondence with Anderson about it? A. No, he is right next door to us.

Q. Well, my gracious, we could have had Anderson here without all this trouble? A. You can still get him.

Q. Can you suggest why you did not bring Anderson to tell us about this Japanese trade that he had rather than you coming and telling us about what the Japanese were doing with Anderson? Why didn't you bring Anderson?

MR. GEOFFRION: You can bring him if you like.

MR. McRUER: Was there any object in not bringing him --

MR. GEOFFRION: This is your Royal Commission. Bring him if you want to.

MR. McRUER: It is certainly a most absurd way of bringing in Anderson's business. He was next door to you. Did you ask Anderson to procure these samples before or after you went to Ottawa?

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Q. Did he get them at the time the letter was

written?
A. No. I put it in evidence

this morning that we asked Anderson if he would

progre the sampl es on which the quations were based

and he did not.

ent amount of postage has been paid.

Therefore, I cannot give you the date,

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MR. GASTON: No. This is your Royal Commission.

Not later than 11:00 a.m.

was made from a vintage of 1941. It was

8 1 year 600 all , nearest placement at 100 100 100

A. He had been asked to procure them before we went to Ottawa.

Q. Did you have them before you went to Ottawa?

A. I think so, sir. I think the analysis was made on the 13th of January.

Q. Has Anderson got any correspondence with Fisher about it?

A. I cannot tell you.

Q. Will you be good enough to ask Anderson, if he is next door?

A. Yes.

Q. If he has any correspondence with Fisher about this; did Anderson buy any?

A. I don't know whether he placed orders or not.

Q. Did you ask him?

A. I didn't personally; our sales department may have.

Q. Did you ever ask anybody to ask him whether he had bought any or not?

A. I didn't ask anybody.

Q. Did you ask anybody to ask him whether he could buy them and deal profitably in them in Canada?

A. No, I didn't.

Q. Well, Mr. Gordon, if you were upset to such an extent that you were going to close up a mill wouldn't it have suggested itself to you as a wise precaution to ask Mr. Anderson, "well now, Anderson, what do you say about these Japanese goods, can you handle them profitably in Canada?"

A. He would be asked by our selling department who were in touch with him on this matter.

Q. Before you went to Ottawa did you make any inquiry from him about what his opinion was as to whether he could deal profitably in these goods?

Q. Now,

Q. Now,

Q. Now, he had been asked to procure them before we went.

Q. Now,

Q. Now, did you have any other business you want to offer?

Q. I think so, yes. I think the committee was made

on the 15th of January.

Q. Has Anderson got any correspondence with him?

about it?

Q. Will you be good enough to ask Anderson, if

he is next door?

Q. If he has any correspondence with Bishop

about this; did Anderson buy any?

whether he placed orders or not.

Q. Did you ask him?

Q. Did you ask him?

Q. Did you ever ask anybody to ask him whether

he had bought any or not?

Q. Did you ask anybody to ask him whether he

could buy them and deal profitably in them in Canada?

Q. No, I didn't.

Q. Well, Mr. Gordon, if you were used to such

an extent that you were going to close up a mill

wouldn't it have suggested itself to you as a place

practical to ask Mr. Anderson, "Well now, Anderson,

what do you say about these Japanese goods, can you

handle them profitably in Canada?"

Q. I was asked by our selling department who were in touch

with him in this matter.

Q. Did you ask him to ask Mr. Anderson if he was

able to handle them profitably in Canada?

Q. Did you ask him to ask Mr. Anderson if he was

A. I don't know, Mr. McRuer, whether he was asked or not.

Q. I say did you?

A. No, I did not. I said I did not.

5 Q. Then, no knowledge came to you as to what Anderson's attitude was before you closed up that mill?

A. No.

Q. No, you did not take the trouble to drop in next door and even discuss it with him?

10 A. No, I did not discuss it with Anderson in that way.

Q. Alright; now, I have a copy of what was produced, I think, as exhibit number 420, and this is a copy of an order from Brown Silk Company to Fisher dated January 13, 1936. Did you have this in your possession when you were at Ottawa? A. No, I had not seen that then.

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Q. You had not seen it. Had you known anything about it at that time? A. I cannot say directly, Mr. McRuer. I may have known through our sales department that Brown intended to place a trial order, or that order with Fisher but I had not seen the order certainly and I had not been in touch with Brown.

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Q. It was regarded as a sort of trial order?

25

A. It is quite substantial --

Q. You referred to it as a trial order; that was your words? A. Yes, a first order.

Q. Why did you use the words "trial order" if you didn't mean it? A. I meant in the sense of

30

A. I don't know, Mr. Morner, whether he was asked or

not.

Q. I say did you?

A. No, I did not. I said

I did not.

.. Then, no knowledge came to you as to what

.. My n's attitude was before you closed up that will

A. No.

.. No, you did not take the trouble to drop in

next door and even discuss it with him?

A. No, I did not discuss it with Anderson in that way.

.. Alright; now, I have a copy of what was

produced, I think, an exhibit number 430, and this is

a copy of an order from Brown Silk Company to Fisher

dated January 13, 1936. Did you have this in your

possession when you were at Ottawa? A. No, I had

not seen that then.

Q. You had not seen it. Had you known any-

A. I cannot say thing about it at that time?

directly, Mr. Morner. I may have known through our

sales department that Brown intended to place a trial

order, or that order with Fisher but I had not seen

the order certainly and I had not been in touch with

.. It was regarded as a sort of trial order?

A. It is quite substantial --

Q. You referred to it as a trial order; that was

A. Yes, a trial order.

Q. Why did you use the words "trial order" if

.. I want to be sure it

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a first order to see probably what the goods did turn out to be, perhaps how close they were to the samples and so on.

5 Q. Well, did Brown get these goods? A. Yes, to the best of my knowledge he did.

Q. Do you know anything about it? A. No, I have not seen them.

10 Q. I notice that "shipping instructions, February 15th" is written on here. Do you know whether he ever gave shipping instructions? A. I think that means they were to be shipped on February 15th.

15 Q. Well, do you know? A. I know that Fisher -- yes, I know something about that. I remember that Fisher when he got these goods in, Brown tried to get delivery of them from Fisher and Fisher told him he could not let him have them that day because he was having some -- because the customs people had not cleared them, and so --

20 Q. Did Brown ever get the goods? A. Yes, I think he got them.

Q. Do you know anything about it? A. To the best of my knowledge he got these goods.

25 Q. To the best of my knowledge he didn't and that doesn't make much difference to this case because I have no knowledge about it. I am asking you do you know whether he got them or not? A. I did not see the goods shipped out of the customs to Brown.

30 Q. Have you ever seen any of these goods? Did you ever get any of your salesmen to get them? I cannot conceive, Mr. Gordon, if this Japanese

a first order to see probably what the goods did
turn out to be, perhaps how close they were to the
samples and so on.

A. Yes, well, did you get those goods?
to the best of my knowledge he did.

A. No, I don't know anything about it.
have not seen them.

Q. I think you said that the goods were
"1887" is written on them. Do you know whether he
ever gave shipping instructions?
that means they were to be shipped on February 18th.

A. Well, do you know?
A. I know that.

Q. Yes, I know something about that. I

remember that when he got those goods in,

known tries to get delivery of them from the bank and

Wisher told him he could not let him have them that day

because he was having some -- because the customs

people had not cleared them, and so --

A. Yes, did you ever get the goods?
I think he got them.

A. Do you know anything about it?
best of my knowledge he got those goods.

A. To the best of my knowledge he didn't and

that doesn't make much difference to this case, does it?

I have no knowledge about it. I am telling you so

you know whether he got them or not? A. I don't

see the goods shipped out of the customs to know.

A. Have you ever seen any of these goods?

Did you ever get any of your customers to get them?

I don't remember that. I don't know.

competition was important enough to make all the fuss about it that we have had, that you would not have got -- knowing that Brown had placed an order with Fisher I would have thought you would have said "I am going to see what these goods are like to see whether they are interfering with my business so I can talk intelligently to the government"? A. Perhaps

one of our Toronto offices have seen these goods.

Q. Yes, but you are the man -- A. I know, but I cannot be all over the country.

Q. You are the man that was writing letters about it and giving interviews to newspapers and giving orders to close a mill? A. You are away off the track, you are talking nonsense.

Q. No. A. Yes, you are. I gave no interviews to newspapers.

Q. I have a couple here that I am going to read to you to refresh your memory. A. You go right on, but you know what circumstances that was sent under.

Q. You were the man that gave orders to close the Sherbrooke mill? A. Yes.

Q. You were the man that sent a telegram to the Montreal Gazette? A. I was the man who replied to a telegram from the Montreal Gazette after I had left Montreal. Before I left Montreal I gave no interviews to the press and I left no statement for the press, and any statement that was made to the press made no mention of Japanese competition, any statement made by any subordinate in Montreal.

competition was important enough to make all the fuss about it that we have had, that you would not have got -- knowing that Brown had placed an order with Fisher I would have thought you would have said "I am going to see what these goods are like to see whether they are interesting with my business so I can talk intelligently to the Government?"

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Q. You are the man that was writing letters about it and giving interviews to newspapers and giving orders to close a mill?

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Q. You were the man that gave orders to close the Sherbrooke mill?

A. Yes.

Q. You were the man that sent a telegram to the Montreal Gazette?

A. I was the man who

replied to a telegram from the Montreal Gazette after I had left Montreal. Before I left Montreal I gave no interviews to the press and I left no statement for the press, and my statement that was made to the press made no mention of Japanese competition, any statement made by any representative in Montreal.

Q. You were the man that wrote letters to the Government?

A. I wrote to Mr. McKinnon because one of the last things Mr. Dunning said the afternoon we were there was to keep in touch with Mr. McKinnon and as I was going away I thought it was only right that we should let Mr. McKinnon know what moves we were making.

Q. Alright, we have had that, but I say you being the man that had the responsibility for all that, never took the trouble to get a sample --

A. We had our men getting samples.

Q. Please let me ask my question, Mr. Gordon.

A. You are making a long statement.

Q. Well, I cannot hold a match to some people in making long statements. I say you being the man that had the responsibility for these matters did not take the trouble to get a sample of these goods that were said to have been ordered by Brown to have a look at them and get a report on them as to whether they were all that you say or not?

A. I took the trouble, as much trouble as any person could take to keep in touch with the situation through our own channels, through our own sales department. There was no point in my taking a special trip to Toronto to look at these goods with men there who were perfectly qualified to judge these goods, who had been selling these goods, and could judge what these goods were.

Q. Who was it? Who was the man that saw the goods that were bought by Brown or said to have been

Q. You were the man that wrote letters to the

A. I wrote to Mr. McKinnon

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afternoon we were there was to keep in touch with

Mr. McKinnon and as I was going away I thought it

was only right that we should let Mr. McKinnon know

what moves we were making.

Q. All right, we have had that, but I say you being

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to look at these goods with men there who were

perfectly qualified to judge these goods, who had

been selling these goods, and could judge what these

goods were.

Q. Who was it? Who was the man that saw the

Q. I am not sure that I did.

bought by Brown, and examined them and decided whether they were competing with your goods or not?

A. It might have been one or more.

Q. I am asking you who it was? A. I will find out.

Q. Did he report to you at all? A. He would report to our general sales manager.

Q. Did the general sales manager report to you on the subject matter? A. Yes, I have been in constant touch with him.

Q. What did he say to you about it? A. Well, he told me what I have just told you about this trouble to get the goods out of the customs.

Q. What did he say to you about the nature of these goods and did he say he had got samples of them? I would have thought you would have had samples in your office and had them examined and analyzed the same way as you did the other samples? A. I think there were further samples came down, yes.

Q. Have you got them? A. Yes, I think we have them still.

Q. We would like to get them. A. Alright.

Q. Well now, this morning you were asked about the closing of the Sherbrooke plant and I am trying to get all that you did before you closed the Sherbrooke plant in order to form a judgment on the question of whether the Japanese competition was going to amount to anything or not? A. Well, that was --

Q. In the first place -- wait a minute -- in the

first place you have this letter from Anderson, or to Anderson, which had come into your possession at that time, had it not? A. Yes.

Q. One letter with a quotation, with these quotations? A. Yes.

Q. For plain rayon and brocaded rayon and cotton crepe. You don't make this crepe? A. The Montreal Cottons have made it in the past.

Q. You are not making it now. You just got through telling me you were not interested in it? A. Yes, we have just been making it recently again.

Q. When did you start it? A. I think a sample has been made recently.

Q. I suppose that you are following up to start making samples in order to say that it is a class or kind made in Canada? A. That might be one idea.

Q. That is a thing that I understand has been done in the trade that when they find something coming in that is really of a class or kind not made in Canada then they make up some small amounts of it and then argue it is of a class or kind made in Canada? A. No, I have never heard that was the practice.

Q. Why did you agree with me that is probably why it was being done at Montreal Cottons now?

A. Well, I know we have made that cloth previously, and that if it were maintained that particular cloth is of a class or kind not made in Canada, and that we have some other cloth we have been making the class of which will be displaced, we might switch back to that exact construction.

Gordon,

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first place you have this letter from Anderson,
or to Anderson, which had come into your possession
at that time, had it not?
A. Yes.

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Q. You are not making it now. You just got

through telling me you were not interested in it?

A. Yes, we have just been making it recently again.

Q. When did you start it?
A. I think

a sample has been made recently.

Q. I suppose that you are following up to start

making samples in order to say that it is a class or

kind made in Canada?
A. That might be one idea.

Q. That is a thing that I understand has been

done in the trade that when they find something coming

in that is really of a class or kind not made in

Canada then they make up some small amounts of it and

then argue it is of a class or kind made in Canada?

A. No, I have never heard that was the practice.

Q. Why did you agree with me that is probably

the way it is done in the trade?

A. Well, I know we have made that cloth previously,

and that if it were maintained that particular cloth

is of a class or kind not made in Canada, and that

we have some other cloth we have been making the class

which will be displaced, we might switch back

to the same class.

Gordon,

THE COMMISSIONER: Mr. McRuer, do I understand you have evidence of any such practice of palming off goods as of a class or kind made in Canada for a purpose such as that?

5 MR. McRUER: I have heard rumours to that effect.

THE COMMISSIONER: It is very serious if it is true. I say have you heard of that?

MR. McRUER: I have just heard rumours to that effect. I think Mr. Gordon agreed so readily with me that it was rather confirming that view when he said he had made up this sample and possibly that was what it was for, because there has been some cotton crepe coming in from Japan, has there not, recently?

10 A. Yes, these goods have been sold for some time in Canada. They have not got a very ready sale.

Q. But there has been some cotton crepe coming in from Japan and it has been ruled as of a class or kind not made in Canada; that is correct, isn't it?

20 A. No, I think the ruling as I remember it when the thing came up in 1933 was the other way.

Q. I am talking about how it is now. There are importations this year on the cotton crepe?

A. I have not heard that, Mr. McRuer.

25 Q. Well, I wondered if you had started making it again at Montreal Cottons because there was cotton crepe coming in from Japan, and it had been ruled as of a class or kind not made in Canada? A. No, I don't think that was it.

30 (page 6614 follows)

THE COMMISSIONER: Mr. Gordon, do I understand

you have evidence of any such practice of pointing
off goods as of a class or kind made in Canada for

MR. McNEIL: I have heard rumours to that effect.

THE COMMISSIONER: It is very serious if it is true.

I say have you heard of that?

MR. McNEIL: I have just heard rumours to that

effect. I think Mr. Gordon agreed so readily with

me that it was rather surprising that when he

said he had made up this sample and possibly that was

what it was for, because there had been some cotton

being coming in from Japan, was there not, recently?

A. Yes, there have been some for some time in

Canada. They have not got a very ready sale.

A. But there has been some cotton being coming

in from Japan and it has been ruled as of a class or

kind not made in Canada; that is correct, isn't it?

A. No, I think the ruling as I remember it when the

thing came up in 1908 was that other way.

A. I am talking about now it is now. There are

important as this year on the cotton export

A. I have not heard that, Mr. McNEIL.

A. Well, I remember it you had started making it

again at Montreal. Cottons because there was cotton

being coming in from Japan, and it had been ruled as

of a class or kind not made in Canada? A. No, I

don't think that was it.

MR. GEOFFRION: He is answering your question.

MR. McRUER: Q. We were looking at this cotton crepe that was attached to exhibit 148 - you told me you were not interested in the cotton trade and now are you withdrawing that and going back to say you are interested? A. No.

What I mean - we are dealing with rayon in this particular business and this exhibit, whatever its number is, and we are not illustrating the cotton crepe at the present time. That is what I really had in mind. I may have phrased it badly.

Q. I want to come back again to the information you had on hand when you closed the mill and one is you had this letter from Anderson but you don't know whether you had the samples as of that time? A. Well, I think now that we must have had because I see the date is the 13th of January but I don't - to be perfectly truthful - I don't know that I knew at that time that we had the samples but somebody knew we had them.

Q. You don't know that you knew that you had the samples? A. No, but no doubt our general sales manager knew.

Q. Now, you do not make a brocaded rayon?

A. When you say "you", Montreal Cottons?

Q. Yes. A. of course we do.

Q. You make a brocade? A. Yes.

Q. Do you make a jacquard? A. Well, brocaded pattern is usually a jacquard, almost

Q. Now, we were looking at this

cotton crop that was attached to exhibit 148 -

you told me you were not interested in the cotton

trade and now are you withdrawing that and going

back to say you are interested?

A. No. What I mean - we are dealing with you in this particular business and this exhibit, whatever its

number is, and we are not illustrating the cotton

crop at the present time. That is what I really

had in mind. I may have misused it badly.

Q. I want to come back again to the informa-

tion you had on hand when you closed the mill and

one is you had this letter from Anderson and you

don't know whether you had the samples as of that

time? A. Well, I think now that we

must have had because I see that date is the 17th

of January but I don't - to be perfectly truthful -

I don't know that I know at that time that we had

the samples and somebody knew we had them.

Q. You don't know that you knew that you had

the samples? A. No, but no doubt our general

sales manager knew.

Q. Now, you do not make a proposed payment?

A. Now you say "you", Central Cotton?

A. Of course we do.

Q. You make a proposed

A. Well,

proposed payment to Central Cotton, almost

invariably a jacquard.

Q. This is not made on a different kind of machine, a jacquard machine? A. No, jacquard is used to get the brocaded effect. I would say 95% of all brocades are jacquard woven.

Q. Do you make that at Montreal Cottons?

A. Yes.

Q. You do not make it at Sherbrooke? A. No.

Q. And you do not make 27" rayon taffeta at Sherbrooke? A. No.

Q. So that there is not a cloth or thing quoted in that letter that was made at Sherbrooke?

A. No, the whole significance of that letter is at that time was the level of value at which these Japanese goods could land, the terrific spread, even if it had been 20¢ a pound--

Q. Two samples of those cheap goods come in and that is all you had? A. Well, bring it to pound basis. Does not make a difference what the weight is.

MR. GEOFRIION: You have said that several times.

MR. MORUER: Well, never mind.

THE WITNESS: You call them cheap goods. They are cheap by the yard but if you bring them to the pound basis you get the true picture.

Q. But this stuff is of a cheap quality and meets the cheap trade? A. Well, the yarn in that stuff is worth as much as the yarn woven stuff.

Gordon

8215

Q. This is not made on a different kind of

is used to get the rounded effect. I would say

90% of all brocades are jacquard woven.

Q. Do you make that at Montreal Cottons?

Q. You do not make it at Sherbrooke? A. No.

Q. And you do not make "X" rayon fabric at

A. No.

Q. So that there is not a cloth or thing

quoted in that letter that was made at Sherbrooke?

A. No, the whole significance of that letter is

at that time was the level of value at which these

Japanese goods could land, the terrific spread,

even if it had been 20% a pound--

Q. Two samples of those cheap goods come in

that is all you have? A. Well, bring

it to pound basis. Does not make a difference what

the weight is.

Q. You have said that several times.

A. Yes, several times.

THEY ARE: You will then cheap goods. They

are cheap by the pound and in you bring them to the

pound basis you get the true picture.

Q. The difference is of a cheap quality and

with the same quality

is that there is a difference in the quality

that.

Q. Tell me any other information you had when you closed the mill? A. I knew the values at which Japanese rayon yarns were being offered for sale.

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Q. Cheap low values? A. Those quotations were about 22¢ a pound.

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Q. Did you make any inquiries about whether you could buy Japanese rayon yarn and weave them? A. Yes, but we could not bring them in cheaper than we could buy from Courtaulds.

Q. You could not bring them in any cheaper than you could buy from Courtaulds - is that your statement? A. Yes sir.

15

Q. That is your oath? A. You can figure it out for yourself.

20

Q. All I am wanting is your straight statement? A. I said 22¢ was the offered price. If you pay at that time the duty, still is 28¢ a pound, and add on excise tax, sales tax, you would find it would come very close to Courtaulds price.

Q. Is it above or below? A. Probably depends on which particular quality you take.

25

Q. Well, quality that would compare with Courtaulds yarn? A. Well, which one?

30

Q. Well, any of them? A. Well, taking the standard, probably the biggest number, what is taken as the standard, 120 deniers, 36 filaments - I think I have Japanese price list. May I refer

Q. Now

Q. Now

Q. Tell me any other information you have when

A. I knew the witness
at which Japanese paper yards were being offered

things were about \$25 a pound.

Q. And you made any inquiries about whether
you could buy Japanese paper yards and weave them?
A. Yes, but we could not find them in cheaper form
we could buy from outside.

Q. You could not find them in any other way
than you could buy from outside - is that right?

A. Yes, sir.

Q. That is your own
is not for yourself.

A. All I am wanting is your usual rate of sale-

ment. A. I said \$25 was the offered price. If
you pay at that time the day, still is \$25 a pound,
and add on excise tax, sales tax, you would find it
costs you more than in Japanese yards.

Q. Is it more or less?
A. More.

Q. Well, exactly that would compare with

Japanese yards.

A. Well, which over

the standard, probably not at all.

Q. Now, you said that the Japanese yards

costs you more than in Japanese yards.

6617

Gordon

to it? (Refers to list) That particular quality 150 denier, 30, was being offered at 68 yen per 100 pounds which I think worked out, if I remember correctly, about 3¢ a pound below Courtaulds landed figure. Landed cost of that or the difference about 3¢ a pound.

Q. Three cents a pound is three cents a pound. Did you consider weaving Japanese yarn? A. No, when the difference in the fabrics was in the neighbourhood of 60¢ a pound that would not have made a very great difference.

Q. As a matter of fact were the Japanese yarns as good as Courtaulds? A. I had not seen the actual quality.

Q. Have you seen them yet? A. Yes, I have seen some Japanese.

Q. Have you considered using them in your mills? A. No, we have not.

Q. You do not intend to use them? A. If we are forced to we will.

Q. Not forced to - I want to know under present circumstances? A. No, I do not think any saving in the yarn at the present time would justify using them.

Q. Tell me anything else that you have knowledge of at the time that you closed the mill that affected your judgment in closing it? A. Well, I am afraid it is awfully difficult for me at the present

no. 1708

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(Refers to list)
That particular

(tail of arrow)

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per 100 pounds which I think worked out, it is remembered

35 - Bond

4. As a matter of fact were the Japanese Army

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Q. Have you seen them yet?

Have you considered using them in your

...the fact that the ...

in the arm at the present time would justify using

time to distinguish just from what I have learned since January 14th and what I knew before, but I did know a good deal about the Japanese penetration of other markets.

5 Q. According to your evidence that has been something that has been acquired since, I would suggest, A. No, I would not say so. I have been following particularly in the cotton end---

10 Q. Did you sit down and figure out the tariff that was in effect then and that it was going to be on those goods? A. It was in effect then.

15 Q. Did you ever sit down and figure out what protection you were going to have? A. Yes, sir.

Q. Did you figure it to be 265% A. On those particular goods it raised the value from about 25¢ on pounds to 95.

20 Q. On what value of goods? A. On those goods in yen price. I knew when I went to Ottawa, we had also obtained quotations on a yen basis corresponding to those offerings- we wanted to find out how Fisher could offer those goods at that figure and if he could land them and sell them at a profit, and we found that the goods landed at 11½¢ basis on the yen figure. I think those yen quotations were obtained from Muller.

25 Q. Will you give me the quotations you got from Muller so that I can have Mr. Hooper figure them out? A. Yes. I don't know whether filed previously or not.

6818

Gordon

time to distinguish from what I have learned
since January 1st and what I know before, but I
did know a good deal about the Japanese penetration

of the market.

Q. According to your evidence that has been

something that has been assumed since, I would

suggest, A. No, I would not say so. I

have been following particularly in the cotton end---

Q. Did you sit down and figure out the tariff

that was in effect then and that it was going to be

on these goods? A. It was in effect

then.

Q. Did you ever sit down and figure out what

protection you were going to have? A. Yes, sir.

Q. Did you figure it to be 20% on

those particular goods it raised the value from

about 25% on pounds to 35.

Q. On what value of goods? A. On those

goods in the tariff. I know when I went to Ottawa,

we had also obtained quotations on a Yen basis

and we found that the goods landed at 15% basis on

the Yen figure. I think those Yen quotations were

obtained from Miller.

Q. Will you give me the quotations you got from

Miller so that I can have the Yen figure?

A. Yes, I have them. I will give you the

quotations you got from Miller.

Q. What was the quotation on the Yen basis?

A. The quotation on the Yen basis was 15%.

Q. No, give me the figures you got from

Muller? A. (Looks through papers)

There it is.

Q. I will have Mr. Hooper look at this.

5 Well now, when you were asked this morning why you
closed the mill at Sherbrooke your answer was this:
At that particular time when I issued the order or
gave instructions to issue the order I wanted, before
we produced any more goods at Sherbrooke, to know
10 as well as I could whether the prospects of our
business were going to improve or get worse.

A. Yes, that is what I did say and not what you
quoted a while ago.

15 Q. I am reading what you said? A. I
know but a while ago you interpreted me from quite
different to that. You said I said it in reply
to question this morning.

20 Q. I will read it all. If I interpreted it
wrong before - I could not do better than read the
text to you to correct it, could I? A. No.

"THE WITNESS: At that particular time,
when I issued the order, or gave instructions
to issue an order, I wanted - before we pro-
25 duced any more goods at Sherbrooke - to know,
as well as I could whether the prospects of
our business were going to improve, or get
worse. I did not want to--

30 MR. McRURER: Just a moment, please.

Gordon

6619

Q. Now, when you were asked this morning why you
A. I will have Mr. Hooper look at this.

There it is.

Q. I will have Mr. Hooper look at this.

Well now, when you were asked this morning why you
A. I will have Mr. Hooper look at this.

At that particular time when I was at the end of
I gave instructions to issue the order I wanted, before

we produced any more goods at Sherbrooke, to know

as well as to know whether the prospects of our

business were going to improve or get worse.

A. Yes, that is what I did say and not what you

Q. Now, when you were asked this morning why you

A. I am reading what you said?

know but a while ago you interpreted me from this

Q. Now, when you were asked this morning why you

to an attention meaning.

Q. I will read it all. If I interpreted it

wrong before - I could not do better than read the

A. No. I could not do better than read the

Q. Now, when you were asked this morning why you

when I issued the order, or gave instructions

to issue an order, I wanted - before we pro-

duced any more goods at Sherbrooke - to know,

as well as to know whether the prospects of

our business were going to improve, or get

A. I did not want to

Q. Now, when you were asked this morning why you

THE WITNESS: I did not want to make up my mind at that particular time, that the future was hopeless for us, and that, therefore, I could give instructions to start running out the work in process in the mill. The idea of stopping production was simply to hold the mill in readiness to either continue production at the same rate or a lesser rate, if that is what the future held for us--

BY THE COMMISSIONER: Q. What do you mean by that, 'continue production at the same rate or a lesser rate'? A. I mean, on the same scale of production, the same volume, or whether we would be forced eventually to make up our minds to run out the warps of stock in process. I, therefore, called a halt to production at that time, which lasted, as it so happened, about a week and four days. The King's funeral came in which made it a little longer than it otherwise would have been, probably, because when I returned from New York just a week after orders had been issued to shut down, I gave orders that day, later on that day, that production would be resumed the following week."

THE COMMISSIONER: And the production has been going on ever since? A. Yes, we have not had any further 'shut down.'

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THE WITNESS. I did not want to make up my
mind at that particular time, but the future
was hopeless for us, and that, the store, I
could give instructions to start running out
the work in process in the mill. The idea of
stopping production was simply to hold the mill
in readiness to either continue production at
the same rate or a lesser rate, if that is
what the future held for us--
BY THE COMMISSIONER: What do you
mean by that, 'continue production at the same
rate or a lesser rate'? A. I mean, on
the same scale of production, the same volume,
or whether we would be forced eventually to
make up our minds to run out the scraps of
stock in process. I, therefore, called a
halt to production at that time, which lasted,
as it so happened, about a week and four days.
The King's funeral came in which made it a
little longer than it otherwise would have been,
probably, because when I returned from New York
just a week after orders had been issued to
start down, I was told a few days later on
that day, that production would be resumed the
following week."

THE COMMISSIONER: And the production has been
A. Yes, we have

MR. McRUER: Now, I think in view of that statement again today it would be necessary for me to recall to you--

5 THE COMMISSIONER: Pardon me a moment. Does Mr. Gordon say there - I don't recollect - what occurred to cause him to reopen the plant after ten days closing as perhaps he told us this morning?

A. No, I did not tell you this morning.

10 MR. GLOFFRION: He said the last time but not this time. He testified fully on the reasons the first time Mr. McRuer examined him.

MR. McRUER: Of course, I am afraid one of the reasons has sort of broken down since the last time.

15 THE COMMISSIONER: I thought Mr. McRuer said something this morning of false impression--

THE WITNESS: Yes, I gave one of the false reasons but all I stressed this morning was that we had made up our minds to reopen the plant some four days ahead of the time that the Order in Council was released.

Q. What good news did you get in the meantime?

25 A. Well, as I covered in my previous evidence in April, the situation had improved in two ways from the trade angle and it had - I don't know whether I did cover this particular point - it had taken a turn in Sherbrooke which I had not anticipated in the first place. The situation in Sherbrooke was that the merchants there, grocers and coal

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Mr. Gordon: Now, I think in view of that statement again today it would be necessary for me to recall to you--

The Commission: Gordon is a member. Does Mr. Gordon say there is a need for it?

What occurred to cause him to reopen the point after ten days closing as perhaps he told us this morning.

A. No, I did not tell you this morning.

Mr. Gordon: He said the last time out not this time. He testified fully on the reasons the first time Mr. Gordon examined him.

Mr. Gordon: Of course, I am afraid one of the reasons has sort of broken down since the last time.

THE COMMISSION: I thought Mr. Gordon said something on a morning of false impression--

Mr. Gordon: Yes, I gave one of the reasons but all I stressed this morning was that we had made up our minds to reopen the point some four days ahead of the time that the Order in Council was released.

What good news did you get in the meantime?

A. Well, as I covered in my previous evidence in April, the situation had improved in two ways from the trade angle and it had - I don't know whether I did cover this particular point - it had taken a turn in the direction which I had not anticipated in the first place. The situation in the trade angle had improved in two ways from the trade angle and it had - I don't know whether I did cover this particular point - it had taken a turn in the direction which I had not anticipated in the first place.

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dealers, etc. because of the comparative newness of some of the help in Sherbrooke that had been moved out from Verdon were refusing them credit and they were thereby in danger of not having food and proper heat, etc. and we guaranteed to the merchants the accounts, of those various people and also took the definite step then of setting a definite date for the re-opening of the mill so that the merchants would know that those people would be earning money again and that their credit was sound. I don't know whether I did deal with that before.

MR. GEOFFRION: You have not given the other reasons.

THE WITNESS: The other ones are on the record. One thing was that Fisher had withdrawn his quotation. He had written a further letter, I forget the exact date.

MR. McRUR: Q. Could not we have that? A. I think it is all on the records, everything is in.

MR. GEOFFRION: You examined fully on that point. A. There is quite a lot of detail about it. And I also learned of the attitude which had crystallized on the part of the Government with respect to scrutinizing these Japanese imports.

THE COMMISSIONER: Q. Certain instructions given to their inspectors. A. Yes sir, that was the case.

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dealers, etc. because of the comparative newness

of some of the help in the books that had been

and they were thereby in danger of not having to

and proper heat, etc. and we proceeded to the

merchants the accounts, of those various people

and also took the definite step then of setting

a definite date for the re-opening of the mill so

that the business would be in a better position

would be earning money again and that their credit

was sound. I don't know whether I did deal with

any other.

MR. GEORGE: You have not given the other

persons.

THE WITNESS: The other ones are on the record.

One thing was that Fisher had withdrawn his quota-

tion. He had written a letter, I forget

the exact date.

MR. GEORGE: Could not we have that? A. I

think it is all on the records, everything is in.

MR. GEORGE: You examined this on that

point.

about it. And I also learned of the attitude which

had crystallized on the part of the Government with

regard to the situation.

and the situation.

and the situation.

and the situation.

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Gordon

MR. McRUER: Q. Yes, but that attitude had been made perfectly plain before you left Ottawa?
A. No.

5 Q. Well now, Mr. Marx has given us a report and probably it was - dispatched by Mr. Berry on the 17th of January 1936? A. Yes.

Q. And you heard that read? A. Yes, and I took exception to it.

10 Q. Yes, but it seemed to me that Berry knew and had written it in a letter on the 17th? A. I don't know - did Mr. Berry write that letter? I have no idea.

15 Q. Is not that Berry's signature? A. That is a covering letter.

Q. I know but the inclosure was surely written when the covering letter was written? A. Why, Mr. Marx may have written--

20 Q. You do not suggest that this has been attached to the covering letter afterwards? A. I say it is quite possible that Mr. Marx may have typewritten his own memo in his own office and sent it over to Mr. Berry to be dispatched.

25 Q. Even if he did? A. Then Mr. Berry did not write the letter. I don't know if he was in Ottawa.

Q. There is Mr. Berry's letter? A. That is letter of transmittal.

30 Q. That is what I am talking about, and then on the 17th--

London 1988

Q. Now, Mr. Perry, did you not state that you had been made perfectly plain before you left Ottawa?

A. No.

Q. Well now, Mr. Perry has given us a report and evidently it was - dispatched by Mr. Perry on the 17th of January 1988?

A. Yes.

Q. And you state that you took exception to it?

A. Yes, but it seemed to me that Perry knew and had written it in a letter on the 17th. I don't know - did Mr. Perry write that letter? I have no idea.

Q. Is not that Perry's signature? Is a covering letter.

A. I know but the initials are surely written in the margin of the letter and written in Mr. Perry's hand. Mr. Perry may have written it.

Q. You do not suggest that this has been attached to the covering letter afterwards? I say it is quite possible that Mr. Perry may have typewritten his own memo in his own office and sent it over to Mr. Perry to be dispatched.

A. Even if he did? I don't know if he was in Ottawa.

Q. There is Mr. Perry's letter? A. That

is the letter in question.

Q. That is what is being asked, and that

is the letter.

THE COMMISSIONER: What does it transmit?

MR. McRUER: Q. And it transmits Mr. Marx's confidential report in regard to the meeting in Ottawa. So what I am getting out is that the information that was in the hands of Perry & Marx on the 17th of January surely was in your hands at the same time? A. No. The information contained in that letter was in Mr. Marx' mind. I do not think Mr. Perry had seen anything and I do not know whether or where Mr. Marx got his ground for whatever he did say. I forget exactly what he did say?

Q. Here is what Mr. Marx says? A. I think he refers to Appraisers Bulletin, does not he?

Q. Yes. A. Certainly no Appraiser's Bulletin issued before--

Q. Here is what Mr. Marx says about the situation. Probably might just have Mr. Marx views on it as he is reported.

THE COMMISSIONER: If you are going into another matter, Mr. McRuer, probably this would be a good time to adjourn;

--

--The Commission adjourned at 5 P.M. Thursday, 11th June, 1936, to resume on Friday, 12th June, 1936, at 10 A.M.

THE JOURNAL: What does it transmit?

MR. MORRIS: It transmits Mr. Mark's

confidential report in regard to the meeting in

Ottawa. So what I am getting out is that the

information that was in the hands of Jerry & Mark

on the 17th of 3 partly surely was in your hands at

the same time? A. No. The information

contained in that letter was in Mr. Mark's mind. I

do not think Mr. Jerry had seen anything and I

do not know whether or where Mr. Mark got his

ground for whatever he did say. I don't exactly

what he did say.

Q. What is what Mr. Mark says? A. I

think he refers to American military, some not

but

Q. Yes. A. Certainly no apparent

while the record is before--

Q. There is what Mr. Mark says about the

situation. Probably might just have Mr. Mark

views on it as he is reported.

Q. Well, I am not sure if you are going into

another matter, Mr. Morris, probably this would be

a good time to adjourn;

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

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A.S. Whiteley, Secretary,

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FORTY - EIGHTH DAY

(June 12th, 1936)

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Robert Brydie,
Official Reporter.

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ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

A p p e a r a n c e s :

J.C. McRuer, K.C. and)
 E. Beauregard, K.C.) Commission Counsel

 J.P. Lanctot, K.C.) For Special Committee of
 and) Primary Textile
 R. L. Kellock, K.C.) Industries.

 C.G. Heward, K.C.) For Dominion Textile Co.
 Aime Geoffrion, K.C.) and Montreal Cottons
 and) Company Limited.
 C.T. Ballantyne,)

 S.G. Dixon, K.C.) For Courtaulds Limited,

 L.A. Forsyth, K.C.) For Canadian Celanese
 Limited, and Canadian Silk
 Products Limited.

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LIST OF COMPANIES

THE CANADIAN PACIFIC RAILWAY COMPANY

Commissioner

Administrative Services

ASSISTANTS

(5.0. McNamee, R.O. and)

Commissioner

For Special Committee of
Primary Justice
Institutions

(5.0. Lambert, R.O.)
(and)
(5.0. Bell, R.O.)

For Dominion Justice Co.
and National Customs
Company Limited

(5.0. Lambert, R.O.)
(5.0. Bell, R.O.)

Chief Justice

For Dominion Justice Co.

(5.0. Lambert, R.O.)

For Canadian Customs
Limited, and Canadian
Revenue Limited

(5.0. Lambert, R.O.)

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Montreal, P. Que.
Friday,
12th June, 1936.

-- The Commission resumed at 1.00 P.M.

THE COMMISSIONER: Mr. Kellock, are you ready
to go on?

MR. KELLOCK: Well, my lord, I understood from Mr.
McRuer, that he proposes completing Mr. Gordon's
cross-examination.

THE COMMISSIONER: Where is Mr. McRuer?

MR. BEAUREGARD: Mr. McRuer will be here in a
moment, my lord.

G. BLAIR GORDON, CROSS-EXAMINATION

BY MR. McRUER (resumed):

Q. Mr. Gordon, when we adjourned last evening
we were discussing the matters that you had knowledge
of at the time that you closed the mill down at
Sherbrooke? A. Yes.

Q. And you have given us in the statement which
I read yesterday what you say to-day your reasons
for closing the mill were? A. Yes.

Q. And you also gave us what you say your reasons
were for opening it? A. Very briefly yesterday,
Mr. McRuer; that is so, but at some detail, though
in April, I believe.

Q. Yes. We had gone into that in detail last
April and the reason for opening it, you had spoken

McGowan, E. J.
F. J. J.
F. J. J.

-- The Commission resumed at 1.00 P.M.

THE COMMISSION: Mr. Kellogg, are you ready?

to go on?

Mr. Kellogg: Well, my lord, I understood from Mr.

Kellogg, that he proposed completing Mr. Gordon's

examination.

THE COMMISSION: There is no objection?

Mr. Kellogg: Mr. Kellogg will be here in a

THE COMMISSION: Mr. Kellogg, are you ready?

Mr. Kellogg: Yes, my lord.

THE COMMISSION: Mr. Kellogg, are you ready?

we were discussing the matter and you had knowledge

of at the time that you closed the will down at

THE COMMISSION: Mr. Kellogg, are you ready?

And you have given us in the statement which

I read yesterday what you say to-day your reasons

for closing the will were?

And you also gave us what you say your reasons

were for opening it? Very briefly yesterday.

Mr. Kellogg: That is so, but at some detail, though

in April, I believe.

THE COMMISSION: Mr. Kellogg, are you ready?

THE COMMISSION: Mr. Kellogg, are you ready?

last April about a letter that had come out by the Department, and I had suggested to you last April that that letter was before the Conference in Mr. Scully's office at which Mr. Hooper attended when you were there, before you had seen Mr. Dunning?

A. Yes.

Q. And there was some little difference between us as to whether it was there or not, and the letter was dated the 10th of January, and in consulting Mr. Marx' account of the interview, which was sent out by Mr. Berry on January 17th - Mr. Marx' account dated the 16th of January - the fact of the action suggested in the letter is reported on; now, I want to just read that to you. I am reading from Exhibit 277, Mr. Gordon:

"A very thorough examination was made of the possibilities of using Section 36 (2) for the purpose of giving some protection to the Canadian Industry against Japanese importations. Mr. Hugh Scully, after obtaining the opinion of his Technical advisers, on Section 36, sub-section 2, came to the opinion that it would be impossible to ascertain the cost of producing fabrics of artificial silk or other textiles in Japan because, in the first place, the Canadian Government has no customs officers in that country, and, secondly, the information that would be required would be refused by the Japanese manufacturers. On the other hand,

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Gentlemen,

I am in receipt of a letter that has come out by the Department, and I had suggested to you last April that that letter was before the Conference in Mr. Scully's office at which Mr. Scully attended when you were there, before you had seen Mr. Manning?

And there was some little difference between us as to whether it was more or not, and whether it was dated the 1st of January, and in consequence Mr. Scully's account of the interview, which was sent out by Mr. Scully on January 17th - Mr. Scully's account dated the 1st of January - the fact of the section suggested in the letter is reported on; now, I want to just read that to you. I am sending from Exhibit 277, London.

of the prohibition of sales Section 28 (1) for the purpose of a view some protection to the public health - the section is contained in the opinion of his technical advisers, on Section 28, sub-section 2, came to the opinion that it would be desirable to ascertain the cost of producing samples of artificial milk or other samples as Japan because, in the first place, the Government has no customs officers in that country, and, secondly, the information that

the Department, having had invoices of Japanese goods for 1934 and 1935, had sent out an appraiser's bulletin to all Customs Houses in Canada, advising them that they were not to enter Japanese goods at prices lower than had been previously entered without consulting the Department at Ottawa."

Now, that is the letter that you refer to of January 16th, is it not?

A. That says an appraiser's Bulletin had been sent out.

Q. Yes?

A. Yes.

Q. Well, Mr. Marx knew it was done, whether by letter or bulletin or anything else; the action that had been taken was action to notify all customs houses in Canada that they were not to enter Japanese goods at prices lower than had previously been entered without consulting the Department at Ottawa?

A. Yes.

Q. Yes. And --- A. All right, finish your question.

Q. And, as I state to you, that information was before you and in your hands before you left Ottawa?

A. No, Mr. McKuer, you are mistaken; you are absolutely wrong, Mr. McKuer. That letter may have been put before Mr. Scully at the meeting, - I believe it was put on his desk by Mr. Hooper, I think, but Mr. Scully did not disclose its contents to anybody there.

It was not read; it was not discussed, and I did not see it, and knew nothing of that letter having gone

the Department, having had invoices of Japanese goods for 1934 and 1935, had sent out an explanation's bulletin to all Customs Houses in Canada, and that they had been previously entered without consulting the Department at Ottawa.

Now, that is the letter that you refer to of January 1935, is it not?

Bulletin had been sent out.

Yes.

Well, Mr. Gordon, your knowledge is that, whether by letter or bulletin or any other way; the action that had been taken was action to notify all Customs Houses in Canada that they were not to enter Japanese goods at prices lower than had previously been entered.

Yes.

Yes. And --- All right, finish.

Yes, Mr. Gordon. That letter was sent out before Mr. Gordon at the meeting, - I believe he was not at the meeting, I think, but Mr. Gordon.

Yes, Mr. Gordon. That letter was sent out before you are in your hands before you left Ottawa.

Yes, Mr. Gordon. That letter was sent out before you are in your hands before you left Ottawa.

Yes, Mr. Gordon. That letter was sent out before you are in your hands before you left Ottawa.

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out, and I don't think Mr. Marx even knew of that letter having gone out. I know I did not until some days after I got back from New York around January 25th.

5 . Well now, Mr. Gordon, might it not be that you are mistaken about that? A. No, I am positive.

 Q. I know you are positive? A. I mean I am sure I know.

 Q. But Mr. Marx, on January 14th, wrote a report, and here is the language he used -- A. Yes.

 . Just a moment, here is the language he used:

 "On the other hand, the Department, having had invoices of Japanese goods for 1934 and 1935, had sent out an appraiser's bulletin to all Customs Houses in Canada, advising them that they were not to enter Japanese goods at prices lower than had previously been entered without consulting the Department at Ottawa."

20 Now, you see, that was dispatched by Mr. Berry, in a covering letter of January 17th, which was the day that the mill closed. A. It stopped work on a Friday, yes.

25 . And which was contained in a bulletin, dated January 16th, which purported to be an account of the visit to Ottawa? A. Yes.

 . And that the man Marx that was there must have known the contents of the letter in order to give that account, and he was right there along with you? A. Yes, he was, but I can only

out, and I don't think Mr. Marx even knew of that
letter having come out. I know I did not until some
days after I got back from New York around January 15
or 20. Well now, Mr. Gordon, might it not be that you
are mistaken about that? A. No, I am positive.
Q. I know you are positive? A. I mean I
am sure I know.
Q. But Mr. Marx, on January 15th, wrote a report,
and here is the language he used --
Q. Just a moment, here is the language he used:
"On the other hand, the Department, having
had invoices of Japanese goods for 1914 and 1915,
had sent out an advertiser's bulletin to all
houses in Canada, advising them that they were
to enter Japanese goods at prices lower than had
previously been entered without consulting the
Department at Ottawa."
Now, you see, that was dispatched by Mr. Henry, in
a covering letter of January 15th, which was the way
that the mill closed. A. It stopped work on a
Friday, yes.
Q. And which was contained in a bulletin, dated
January 15th, which purported to be an account of the
visit to Ottawa? A. Yes.
Q. And that the man Marx that was there and that
was the subject of the letter in order to
the fact that, as the man Marx was there

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suggest that you bring Mr. Marx here and find out from him properly just how he learned it, but I have my own ideas as to how he learned it.

5 THE COMMISSIONER: Mr. Marx was examined on that, was he not?

THE WITNESS: I would much rather that Mr. Marx be examined on that, sir, to find out.

10 THE COMMISSIONER: Well, he was examined on that, was he not?

MR. McRUER: No, my lord.

Q. At any rate, do you say that that letter was not discussed at that meeting? A. I say, that the fact that the letter had been sent out, --

15 Q. Well, was the letter not brought in and laid down on Mr. Scully's desk and discussed right there? If it is sworn to that it was, will you deny it?

20 A. Yes. I will tell you what happened. We were discussing whether a letter could be sent out to the different customs officers, or if such action could be taken, and, as I remember it, Mr. Cooper at that juncture went up to Mr. Scully's table with something in his hands, and he put something in front of Mr. Scully, which he looked at and signified that he had seen it; but the thing was not mentioned, nobody was told that it was a letter, or what it was, and that is the whole circumstances, as I remember it.

25 30 Q. You do agree, however, that you do recollect that it was discussed, that is, could such a letter be sent out?

engaged that you bring Mr. Mark here and find out
from him properly just how he learned it, but I have
my own ideas as to how he learned it.
THE COMMISSIONER: Mr. Mark was examined on that.
THE WITNESS: I would much rather that Mr. Mark
be examined on that, sir, to find out.
THE COMMISSIONER: Well, he was examined on that.
was he not?
MR. MARK: No, my lord.
Q. At any rate, do you say that that letter was
the first that the letter had been sent out, --
A. Well, was the letter not brought in and laid
down on Mr. Scully's desk and discussed right there?
A. Yes. I will tell you what happened. We were
different customs officers, or if even action could
be taken, and, as I remember it, Mr. Cooper at that
moment went up to Mr. Scully's table with something
in his hands, and he put something in front of Mr.
Scully, and he looked at it and said, "What is that?"
and the thing was not mentioned, nobody was
told that it was a letter, or what it was, and that
is the whole story, as I remember it.
Q. Now, Mr. Mark, you say that you saw the letter
that it was a letter, that it was a letter, that it was a letter,
is that right?

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Gordon

A. Yes.

5 . Now, Mr. Gordon, do you mean to suggest that
had never been discussed among you five or six or
a dozen gentlemen; could such a letter be brought out,
be sent out as the letter before Mr. Bouilly and he
say Yes, it has been sent out? Mr. Marx writes the
opinion that it was said that it had been sent out.
Therefore, do you mean to suggest now that there was
10 no word said about it having been sent out? A. I
suggest to you, Mr. McHuer, to put Mr. Marx in the
box and find out where he got that information.
That will clear up the whole thing.

15 . Well, has Mr. Marx said anything to you about
how he got it? A. No, I have not discussed it
with him at all, but that is my only conclusion.

20 . Then, the fact that this letter had been sent
out, you say, was one of the things that bore on
your mind and gave you more courage to open the mill.
A. Well, the knowledge that that letter had been sent
or had been received, rather, by the Customs Houses
and was known to the importer, yes. The letter
in itself, if it was not known, would not have been
25 so effective; but as we knew it carried in, with the
effective results, that the active agent in the
situation took it very much to heart.

Q. Well now, Mr. Gordon--

30 BY THE COMMISSIONER: Q. Just a minute. Is that
letter still being acted upon by Customs Officials?

A. Yes.

Now, Mr. Gordon, do you mean to suggest that

had never been discussed among you five or six or

a dozen gentlemen; could such a letter be brought on

be sent out as the letter before Mr. Seely and he

say Yes, it has been sent out? Mr. Seely writes me

opinion that it was said that it had been sent out.

Therefore, do you mean to suggest now that there was

no word said about it having been sent out? A. I

suggest to you, Mr. Seely, to get Mr. Seely in the

box and find out where he got that information.

That will clear up the whole thing.

Well, has Mr. Seely said anything to you about

how he got it? A. No, I have not discussed it

with him at all, but that is my only explanation.

Now, the fact that this letter had been sent

out, you say, was one of the things that bore on

your mind and gave you more courage to open the mill.

A. Well, the knowledge that that letter had been sent

or had been received, rather, by the Customs House

and was known to the importer, was. The letter

in itself, if it was not known, would not have been

so effective; but as we knew it carried in, with the

effective power, that the letter was in the

attention took it very much to heart.

Well now, Mr. Seely--

BY THE COURT: Now, Mr. Seely, do you mean to suggest

letter still being sent out by the Customs House?

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Gordon

Do you know that, Mr. Gordon? A. No, to the best of my knowledge, it is not, because those goods are being landed at prices which Fisher anticipated he would land them at in the first place.

MR. McRUER: My lord, Mr. Hooper says that the letter was cancelled some time in February, almost immediately afterwards.

A. Well now, Mr. Gordon, when you discovered that the letter was not being acted upon, and that goods were being landed, why did you not close the mill up again? A. Well, we had adjusted ourselves to the new situation. We had had our period in which to make our plans, and as I say, we had accustomed ourselves to the situation in the first instance. But I think you, perhaps, have a little bit wrong idea as to the closing of the mill. It was not ever intimated that the mill was closed down permanently.

THE COMMISSIONER: A. Mr. Gordon, Mr. McKinnon does not consent at all that it was just a temporary closing. Have you that letter?

MR. McRUER: Yes, my lord, I am going to read the whole correspondence to Mr. Gordon to see how he explains this.

BY THE COMMISSIONER: A. It was to be closed unless certain things were done? A. I don't think it was put quite that way.

THE COMMISSIONER: Well, the letter speaks for itself.

BY MR. McRUER: A. Well now, Mr. Gordon, Mr. Taylor

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Do you know that, Mr. Gordon?

part of my knowledge, it is not, because there goes

and being found in the first place.

he would find them in the first place.

Mr. Gordon: My lord, Mr. Gordon says that the

letter was written in the first place, and

was written in the first place.

— Well now, Mr. Gordon, when you discovered that

the letter was not being acted upon, and that Gordon

were being landed, why did you not close the bill

up again? Well, we had adjusted ourselves

to the new situation, we had not wanted to return

to what our place, and as I say, we had accustomed

ourselves to the situation in the first instance.

But I think you, perhaps, have a little bit of

idea as to the closing of the bill. It was not

ever indicated that the bill was closed down because

THE CHAIRMAN: Mr. Gordon, Mr. Gordon does

not consent at all that it was just a temporary

closing. Have you that letter?

MR. GORDON: Yes, my lord, I am going to read

the whole correspondence to you, because he was not

an explicit man.

THE CHAIRMAN: It was to be closed, I think

because he was not explicit, and I think

that the bill was not

THE CHAIRMAN: The letter speaks for itself

and the bill was not

has sworn that at this interview with the Ministers -
the Minister of Finance, the Minister of Trade and
Commerce, and the Minister of Customs -

"We were told it was possible to restore
some dumping duty, if the circumstances warranted
it, but we were told pretty definitely that they
could hardly credit such low prices being possible
in Japan, when the domestic cost was approximately
17 cents per yard for a similar construction."

Now, Mr. Taylor swore that group there, when you were
present, were told by the Minister of Finance, or
by someone in authority, that it was possible to
restore some dumping duty if circumstances warranted it.

Do you agree or disagree with Mr. Taylor? A. I
agree with Mr. Taylor to the extent of my recollection,
and that is, it was intimated to us by the Ministers,
in their discussion with us and between themselves
in our hearing, that the restoration of the fixed
valuations under Section 15 was not out of court,
but there was no intimation that it was going to be
done or that, in particular, that it would be done
as the result---

A. Well, what you said before was, that Mr. Dunning
said they had better wait to find out whether these
were genuine quotations on goods that could be
delivered --

A. I am sorry, Mr. McRuer,

I have to disagree with you. That is your interpre-
tation of what Mr. Dunning told us. I tried to put

has sworn that at this interview with the Minister -
the Minister of Finance, the Minister of Trade and
Commerce, and the Minister of Customs -
"we were told it was possible to restore

some dumping duty, if the circumstances warranted
it, but we were told pretty definitely that they
could hardly credit such low prices being possible
in Japan, when the domestic cost was approximately
17 cents per yard for a similar constitution."

Now, Mr. Taylor knows that group there, when you were
present, we were told by the Minister of Finance, or
by someone in authority, that it was possible to

restore some dumping duty if circumstances warranted it
Do you agree or disagree with Mr. Taylor? A. I

agree with Mr. Taylor to the extent of my recollection
and that is, it was intimated to us by the ministers,

in their discussion with us and between themselves

in our hearing, that the restoration of the fixed

valuations under section 13 was not out of court,

but there was no intimation that it was going to be

done or that, in particular, that it would be done

as the result---

A. Well, what you said before was, that Mr. Manning

said they had better wait to find out whether there

were genuine quotations on goods that could be

delivered -- A. I am sorry, Mr. McNair,

I was in discussion with you. That is your interpre-

tation of what Mr. Manning said. I think it was

on the record what Mr. Dunning actually did say.

Well, we will just read what you did say.

At page 2012:

5 "Q. Was it not a fact that the Minister of
Finance in your interview suggested to you that
the quotations that you were presenting, and
that were worrying you, might not be genuine
quotations at which the goods could and would be
10 delivered of a quality and line that would give
you any serious competition?

"A. No, I don't think Mr. Dunning put it that
way to us.

15 "Q. Did he not put it in general terms in that
way, and that you better just wait and see whether
the goods were delivered on the Canadian Market
at those prices, and that they would look like when
they came?

20 "A. That Mr. Dunning said was something to this
effect. He said, 'Now, I am a business man,
or I have been in business, among business men
and you know that buyers are prone to try and
put the wind up manufacturers. Now, perhaps
25 this wide-spread agitation in the trade over this
situation which has developed is perhaps put on
a bit for your benefit and to try and frighten
you. That was the gist of your remarks, as I
remember them, in that connection.

30 "Q. And that you better wait and see how the thing
ironed out in the long run?

on the record what Mr. Dunning actually did say.

"Well, so will just read what you did say.

at page 3014:

"... was it not a fact that the Minister of

Finance in your interview suggested to you that

the quotations that you were presenting, and

that were supplying you, did not be genuine

quotations at which the goods could and would be

delivered of a quality and line that would give

you any serious competition?

"... I am not sure, but I feel

way to me.

"... Did he not put it in general terms in that

way, and that you better just wait and see what

the goods were delivered on the Canadian Market

at those prices, and what they would look like

they came?

"A. What Mr. Dunning said was something to this

effect: 'Well, I am not sure, but I feel

or I have been in business, among business men

and you know that buyers are prone to try and

get the best of the market.

This wide-spread agitation in the trade over the

agitation which has been going on in the market for

a bit for your benefit and to try and convince

you. That was the gist of your remarks, as I

remember them, in that connection.

... that you better wait and see how the

market will be in the long run?

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Gordon

"A. Yes, something to that effect."

Q. Would you agree with that? A. Yes.

Q. Yes, all right. Now, having left the Minister
Mr. Taylor got the impression that you were being told
that it was possible to restore some dumping duty
if the circumstances warranted it, you having the
impression that the Minister thought that the trade
was putting the wind up, trying to pull your leg a
bit as to Japanese competition, and Mr. Dunning
waiting until you saw how it would iron out. That is
the impression you had, in my words, not yours - I
have read yours, and I accept yours. You leave
and go right down and give orders to close the mill?

A. Well, to stop operations.

Q. To stop operations? A. Yes.

Now, with the record of this company behind it,
do you think that it was a fair proposition that
pending getting your bearings in the new situation
you should immediately throw the men out of work;
why did you not just carry on and let the Company
stand the gaff for a few days until you had found
your bearings?

A. Well, we do stand lots of
gaff and we were in a position then to stand a great
deal of gaff without adding to it to any greater
extent.

Q. I know, but I am asking you now, if it
was merely a temporary matter, that you were trying
to get your bearings for a few days, as you put it

"Yes, something to that effect."

"Would you agree with that?"

"Yes."

"Yes, all right, now, have I the impression"

Mr. Taylor got the impression that you were being told

that it was possible to restore some carrying duty

if the circumstances warranted it, you having the

impression that the Minister thought that the trade

was putting the wind up, trying to pull your leg a

bit as to Japanese competition, and Mr. Manning

waiting until you saw how it would iron out. That is

the impression you had, in my words, not yours - I

have read yours, and I accept yours. You leave

and go right down and give orders to close the mills?

"Well, to stop operations."

"To stop operations?"

"Yes."

"Now, with the record of this country being it,

do you think that it was a fair proposition that

pending getting your bearings in the new situation

you should immediately throw the men out of work?

"No, sir, I think it was a fair proposition."

stand the fact for a few days until you had found

your bearings?"

"Well, we do stand fast of

fact and we were in position then to stand a great

deal of stuff without adding to it to any greater

extent."

"I think, sir, that you have been very fair in your

statement, and I am sure that you will find that the

fact of the matter is that you have been very fair in your

in the witness box yesterday and to-day? . Well, we couldn't. I pointed out, I think, both yesterday and to-day, or yesterday rather, that it was indefinite. I did not know any more than a captain does who runs into a fog how long the fog is going to last.

Q. Yes, but the fog had only been of very short duration up to that time? A. Yes, but we were not going into it at full speed, as it were.

. Well, you have gone full speed ahead, ever since? A. Oh, we have not.

. Well, you bought more yarn, you switched your business from Sherbrooke to Montreal Cottons, and bought much more yarn than you did last year? A. I am sorry I have to interrupt, Mr. McQuer, but we did not switch any business from Sherbrooke to Montreal Branch. There was nothing switched whatever. Sherbrooke is making the same lines it always did.

Q. Yes, and the lines at Sherbrooke are not lines that there is any Japanese competition in, up to the present time. A. There are lines that there is some threat of Japanese competition, as in other lines.

Q. There is not a yard of Japanese cloth that is being imported comparable to the Sherbrooke production? A. I don't know.

. You don't know of a yard? A. I don't know whether there is or not.

. Well, all right, I will take your word for that.

in the witness box yesterday and to-day?

no occasion. I pointed out, I think, both yesterday

and to-day, or yesterday rather, that it was in fact

I did not know any more than a general thing that

into a log how long the log is going to last.

... yes, but the log had only been of very short

duration up to that time?

not going into it at all speed, as it were.

... well, you have gone full speed ahead, and then

... oh, we have not.

... well, you bought more yarn, you switched your

business from Thompson to Marshall Gordon, and then

much more yarn than you did last year?

... I am sorry I have to say that, Mr. Wether, but as it

not switch any business from Thompson to Marshall

Gordon. There was nothing switched whatever.

Thompson is selling the same lines it always did.

... Yes, and the lines at Thompson are not lines

that there is any Japanese competition in, up to the

present time.

... There are lines that there

is some threat of Japanese competition, as in other

lines.

... there is not a yard of Japanese cloth that is

being made in Canada in the Japanese competition

is a small part.

A. I know what prices it can be landed at from the samples, and other information.

Q. Then I want to take you back and recall to your mind what you said at the time of what had led up to the situation at Sherbrooke. On the

30th December, you had given an order to curtail production at Sherbrooke because the machinery at Magog was not able to handle the production there.

A. We had come down to a 48-hour week, yes, that is correct., with considerable amount of production at night as well, of course.

Q. But that was because of the machinery at Magog being insufficient?

A. To handle everything, that is right.

Q. And because of your big stock? A. Oh, yes.

Q. That came into it? A. Yes.

Q. And on January 15th Mr. Daniels had written a letter to Sherbrooke:

"Further to your conversation of Monday, regarding short-time operations."

Now, Mr. Kershaw fixed Monday as January 13th?

A. It was.

Q. Which was the day before you visited Ottawa?

A. Yes, that is right.

Q. So that the day before you visited Ottawa, Mr. Kershaw has a conversation with Mr. Daniels, and Mr. Kershaw told us that Mr. Daniels had told him that it was necessary to further curtail production in the

1. I know what prices it can be landed at from the

.. then I want to be a you back and would to

Your mind what you said at the time of that had

led up to the situation at Sherbrooke.

30th December, you had given an order to curtail

production at Sherbrooke because the machinery at

was not able to handle the production there.

.. he had come down to a 48-hour week, yes, but it is

correct, with considerable amount of production at

night as well, of course.

2. But that was because of the machinery at

being being insufficient?

.. to handle even the

that is right.

.. and because of your big stock?

.. that was the case?

.. and on January 1st Mr. Daniels had written

a letter to Sherbrooke:

Further to your conversation of Monday,

..

now, Mr. Daniels fixed Monday as January 1st?

.. which was the day before you visited Ottawa?

.. so that the day before you visited Ottawa,

.. had a conversation with Mr. Daniels, and

.. had told him that Mr. Daniels had told him that

.. had been in Ottawa on Monday, January 1st?

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Gordon

Sherbrooke plant?

A. He had a conversation with Mr. Kerhshaw to that effect, I believe.

Q. And that was on account of the machinery at Sagog not being sufficient to handle the output of the mill at that time? A. Yes, looking ahead for a certain length of time -

Q. That is the situation? A. Yes.

Q. And also on account of the fact of the large stock of the grey on hand? A. Well, the two are really all one, Mr. McRuer.

Q. The two are really all one? A. Yes.

Q. Then this letter goes on to say:

"Further to our conversation of Monday regarding short time operations.

Since that date further complications have arisen which necessitate more drastic action.

You will therefore, post the following notice in several prominent places throughout the Rayon Mill:-

DOMINION TEXTILE COMPANY LIMITED

SHERBROOKE BRANCH - RAYON DIVISION.

THIS MILL WILL CLOSE DOWN ON FRIDAY JANUARY 17th AND WILL REMAIN CLOSED INDEFINITELY.

(SIGNED) G.B. GORDON,

MANAGING DIRECTOR.

Yours truly,

DOMINION TEXTILE COMPANY LIMITED,"

That notice, you told us, went out with your authority? A. Yes, my name was signed to it.

5 Q. Now, do you mean to suggest, Mr. Gordon, that that was just a temporary closing that you had in mind when you had that notice posted and published throughout the mill? A. I mean to tell you, Mr. 10 McRuer, that it must, of necessity, have been a temporary closing, from the standpoint that we would have had to reopen the mill to run out the stocks in process, as I said yesterday. Whether that 15 would be our final decision I did not know at the time.

Q. Well now, you must have known, that from the rate of wages paid there your employees would not 15 have bank accounts from which they could go and draw on, and get sums of money to carry on and pay for something to eat? A. Well, we made arrangements. Perhaps I should explain - I don't think I have 20 explained - that we made arrangements to pay them the Saturday morning we closed, and they got two full weeks on Saturday morning. A.

Q. That was not pay in advance, but pay that they had earned? A. Oh, yes. The only point I am 25 making there is that usually they would have to wait five days after the end of the previous fortnight.

Q. Really, I suppose it was convenient to the Dominion Textile Company to pay the men when they 30 were there rather than bring them back a week later?

A. Well, perhaps it was convenient to the men too.

That notice, you told us, went out with your

notice? .. Yes, my name was signed to it.

.. Now, do you want to suggest, Mr. Gordon, that

that was just a temporary closure, and that you had in

mind when you had that notice posted and published

throughout the mill? .. As I mean to tell you, Mr.

.. I don't know, but I don't think it was a

temporary closure. From the standpoint that we would

have had to reopen the mill to run out the stock

in process, as I said yesterday. .. I don't think

would be our final decision I did not know at the time

.. Well now, you must have known, that from the

rate of wages paid there your employees would not

have been able to make from which they could do any work

on, and get some of money to carry on and pay for

something to eat? .. Well, we were in a position

perhaps I should explain - I don't think I have

explained - that we made arrangements to pay them

the Saturday morning we closed, and they got two

full weeks on Saturday morning.

.. That was not pay in advance, but pay for what they

had earned? .. Yes. The only point I am

making there is that usually they would have to wait

five days after the end of the previous fortnight.

.. Really, I suppose it was convenient for the

.. I don't know, but I don't think it was a

.. I don't know, but I don't think it was a

.. I don't know, but I don't think it was a

Q. But you must have known that these men and women would be immediately thrown on relief in the community? A. No, they were not.

5 Q. Well, within a very short time? A. No, there was no relief extended to our help at all, or very little. any relief work that was done was done by the Company, when we found that because some of these operatives were comparatively new citizens of Sherbrooke and 10 the trades people of Sherbrooke did not have enough confidence in their stability to extend them credit--

BY THE COMMISSIONER: When did the City Council have that meeting?

15 MR. McRUER: The Order-in-Council states that it was on the 18th. The Order-in-Council reads as follows, my lord:

"On the 18th instant, the following telegram, dated at Sherbrooke, Quebec, January 18th, 1936,--"

20 THE COMMISSIONER: The mill was closed on the 17th.

THE WITNESS: Yes, the night of the 17th.

MR. McRUER: January 18th, 1936, is when the telegram was sent, and signed by Ant. Deslauriers, 25 City Clerk, on behalf of the City Council, City of Sherbrooke. The order-in-council reads:

"On the 18th instant, the following telegram

dated at Sherbrooke, Quebec, January the 18th

1936, and signed by Ant. Deslauriers, City

30 Clerk, on behalf of the City Council, of the

City of Sherbrooke, was received by the Right

Honourable the Prime Minister, and the

But you must have known that these men and
women would be immediately thrown on relief in the
community? No, they were not.

Well, within a very short time
and no relief extended to our relief at all, or very little
any relief work that was done was done by the Company
when we found that because some of these operatives
were comparatively new citizens of Sherbrooke and
the trades people of Sherbrooke did not have enough
confidence in their stability to extend them credit--
MY THE COUNCIL AT THAT TIME: When did the City Council
have that meeting?

It was on the 14th. The order-in-council was made
follows, my lord:

"On the 14th instant, the following resolution
dated at Sherbrooke, Quebec, January 14th, 1886--
THE COUNCIL OF THE CITY OF SHERBROOKE: The mill was closed on the 14th.
THE TOWN: Yes, the night of the 14th.
MR. MAYOR: January 13th, 1886, is when the
telegram was sent, and signed by Mr. Deslauriers,
City Clerk, on behalf of the City Council, City of
Sherbrooke. The order-in-council reads:

"On the 14th instant, the following resolution
dated at Sherbrooke, Quebec, January 14th, 1886,
and signed by Mr. Deslauriers, City
Clerk, on behalf of the City Council, of the
City of Sherbrooke, Quebec, January 14th, 1886--

Honourable the Minister of Finance;-

"Special emergency meeting City Council held today strongly ask that your Government intervene immediately over the situation that has developed whereby our largest flat silk industries employing over a thousand hands has suddenly closed down leaving these people without employment STOP. Our City unable to cope with alarming situation and request your Government take immediate steps to remedy this condition STOP. City cannot take care of such increased unemployment."

BY MR. McRUEN: Q. Now, you see, if there was any suggestion that wa this was only a temporary close-down on your part, why did the City-Council call an emergency meeting the following day? A. I don't know. So far as I can see anything you have read there there is no reference to Japanese competition, and there are several things about this Order-in-Council that puzzle me quite a lot.

Q. That may be, but what I am getting at is, - I don't think there was very much Japanese competition which had to do with the closing of the mill probably, if we get down to the fine point? A. Well, that is your suggestion, sir. I have heard it before.

Q. Well, do we agree on it? A. I am afraid not.

Q. You disagree. You say there is nothing in this about Japanese competition, You evidently did not

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London

Honorable the Minister of Finance:-

Dear Sir,

I have today very much to say to you regarding the

interference immediately over the situation that

has developed whereby our largest firm with

immense resources and a financial base

has suddenly closed down leaving these people

in a very serious position.

With alarming situation and request your Govern-

ment take immediate steps to remedy this

condition. City cannot take care of such

increased unemployment."

My dear Sir, now, you see, it seems very

suggestion that we have only a temporary close-

down on your part, why did the City-Council call an

emergency meeting the following day? I don't

know. So far as I can see anything you have read there

there is no reference to Japanese competition, and

there are several other things (which I don't

that puzzle me quite a lot.

I just say so, but what I am getting at is,

that's all right, but what I am getting at is,

which had to do with the closing of the mill probably,

if we get down to the fine points? A. Well, that

is your suggestion, sir. I have heard it before.

Well, do we agree on it? ... I am afraid not.

You disagree. You say there is nothing in this

... I am afraid not.

say at that time that it was an account of Japanese competition? A. No, we did not give out any statements to the Press in that connection.

5 Q. Yes, we will go on. But evidently the people in Sherbrooke had taken it that the close-down was a matter of very major importance in that town?

10 A. Well, I am afraid, Mr. McRuer, I will have to repeat again that I said two months ago, that is, that I have very good reason to believe that the contents of that wire were inspired by a particular person for a particular purpose.

15 Q. Well, I am going to ask you what your reasons are for believing that, and that you name the person and name the purpose? A. Well, I will try and

do it. My reason for believing it is, that the men whose name I will give you in a minute came into our office shortly after that wire was sent, that is, while I was still down in New York, and spoke to 20 certain of our officials.

25 Q. Who of your officials? A. I think he spoke to Mr. Dodd and Mr. Daniels may have been present at the same time, and he intimated very clearly that this wire was his doing. As for his reasons, I think he wanted to give himself a little prominence.

Q. He does not say anything in the wire about it, and the gentleman you have now referred to is whom?

30 A. Charles B. Howard, Member of Parliament for Sherbrooke Riding.

Q. Yes. You say, that you charge him with

any of that time and it was on account of Japanese competition?

A. No, we did not give out any statements to the press in that connection.

Yes, we will go on. The statement is

people in connection with the case

to a matter of very great importance in that

form? A. Well, I am afraid, Mr. Attorney, I

will have to repeat what I said two days ago, that is, that I have very good reason to believe

that the contents of that wire were implied by

a particular person for a particular purpose.

A. Well, I am going to ask you what you believe

the person believing that, and that you mean the person

and were the same?

A. Well, I will say and

no it. My reason for believing it is, that the

man whose name I will give you in a minute came into

our office shortly after that wire was sent, that is,

while I was still down in the 10th, and spoke to

certain of our officials.

Q. No of your officials?

A. I think he spoke

to Mr. Ford and Mr. Daniels may have been present

at the same time, and he indicated very clearly that

this wire was his doing.

A. For his reason?

I think he seemed to give a really a little impression.

A. He does not say anything in the wire about it.

Q. The gentleman you have now referred to is known?

A. Yes, he is known.

Q. Is he known to you?

A. Yes, he is known to me.

Q. Is he known to you?

being responsible for sending this wire? A. I don't charge him. I say, that my understanding is that he intimated to people himself as the sender of that wire. He said things which led us to believe he was the sender of the wire.

THE COMMISSIONER: It is not the wire that concerns me so much as the fact that there was a special emergency meeting of the City Council?

A. I don't know, sir, to what extent the emergency meeting was inspired by the same gentleman.

THE COMMISSIONER: A special emergency meeting.

BY MR. McRUER: Q. Could you tell me what Mr. Dodd said Mr. Howard's mission to your office was?

A. What his mission was?

Q. Yes? A. No. I think he came in to perhaps show us to what extent he thought he was furthering our interests, if he considered that he was furthering them.

Q. What I want to know is, did Mr. Dodd tell you that Mr. Howard has been here? A. He must have told me that.

Q. Now, did Mr. Dodd not tell you what Mr. Howard had come for? A. No, I don't think he put it that way.

Q. He did not tell you anything that took place between him and Mr. Howard?

THE COMMISSIONER: He must have.

THE WITNESS: I want to find out what you mean

Gordon

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being responsible for sending this wire?

Don't charge him. I say, that my understanding is

that he intended to people himself as the sender

of that wire. He said this which led me to

believe he was the sender of the wire.

It is not the wire that

concerns me so much as the fact that there was a

special emergency meeting of the City Council?

A. I don't know, sir, to what extent the emergency

meeting was inspired by the same conditions.

The Council called a special emergency meeting.

At the meeting? Could you tell me what was

said and Mr. Howard's opinion to your office was?

A. I don't know what

Yes? I think he can say to

perhaps show us to what extent he thought he was

furthering our interests, if he considered that he

was furthering them.

A. What I want to know is, did Mr. Dodd tell you

that Mr. Howard has been here?

He told me that.

Yes, sir, but I don't know what he said.

Yes, I don't know what he said.

Yes, I don't know what he said.

He did not tell you anything at all about this

between him and Mr. Howard?

Yes, I don't know what he said.

The Council? I don't know what he said.

by that.

BY MR. McRUER: If you don't understand my question, then I will put it in simpler English, if I can: You have told me that Mr. Dodd told you that Mr. Howard had been in to see him? A. Yes, that is right.

Q. All right. Now, did Mr. Dodd tell you anything that took place between him and Mr. Howard?

A. He told me, I think, that this thing came up, that he remembered Mr. Howard having mentioned that he sent that telegram.

Q. Yes. When did Mr. Dodd tell you that?

A. I cannot recollect.

Q. How long after, since you gave evidence last time over in the New Court House? A. Oh, no, this was all back in January, but I cannot place it exactly.

Q. Then, Mr. Gordon, did Mr. Dodd not tell you at any time what had passed between him and Mr. Howard?

A. He did several times --

Q. No, no, at the time of his interview with Mr. Dodd after the closing of the Sherbrooke plant?

A. No, I cannot bring to mind any other particular information that Mr. Dodd mentioned that Mr. Howard spoke to him about at that meeting. I know he had seen Mr. Howard before.

Q. Before what? A. Earlier in January before we went to Ottawa.

Q. Earlier in January before you went to Ottawa?

Q. Now?

A. Yes, sir. If you don't mind, I would like to ask you a question.

Q. Now, then, I will put it in simplest English, if I

can: You have told me that Mr. Howard had been in the

at the time that Mr. Howard had been in the

is right.

A. All right, now, did Mr. Howard tell you anything

that took place between him and Mr. Howard?

A. He told me, I think, that late in the afternoon,

that he remembered Mr. Howard having mentioned that

he went that afternoon.

Q. Now, did Mr. Howard tell you that?

A. I cannot recall.

Q. Now, long after, since you have evidence that

place over in the New Court House?

Q. Yes, sir, but I cannot place it

exactly.

A. Then, Mr. Howard, did Mr. Howard not tell you

at any time what had happened between him and Mr. Howard?

A. He did several times --

Q. Now, at the time of his interview with Mr.

Howard after the closing of the afternoon shift?

A. No, I cannot bring to mind any other particular

information that Mr. Howard mentioned that he, Howard

mentioned to him about that morning. I know he has

mentioned it several times.

Q. Now, did Mr. Howard tell you that?

A. I cannot recall.

Q. Now, did Mr. Howard tell you that?

A. Yes.

Q. Mr. Dodd had seen Mr. Howard? A. Yes, and

I think on one occasion --

5 . What did he tell you had taken place between them on that occasion? A. Well, I think the idea was, that Mr. Howard would arrange for certain of the members in Ottawa to pay a visit to the Sherbrooke plant and go through it.

10 Q. Then apparently you were threatening to close the Sherbrooke plant at that time? A. No, I think that is not true. So far as the visit to the plant was concerned that was back in December. That had nothing to do with any threat or any closing or anything of that nature.

15 Q. Why was Mr. Dodd going to get Mr. Howard, or why was Mr. Howard arranging for Members of Parliament to go to Sherbrooke to see this plant if there had not been some threat in the wind, that we will close the plant if we don't get what we want?

20 A. As I point out, it was Mr. Howard's suggestion that he would like some of the members in Ottawa to see this new plant which has started up in Sherbrooke in his own constituency.

25 Q. And that took place, you say, back in December?

A. Yes.

30 Q. Well then, Mr. Dodd spoke about an interview that took place between him and Mr. Howard in regard to that perfectly innocuous visit of Members of

A. Yes.

Q. Mr. Bond had seen Mr. Howard?

A. Yes, and

I think on one occasion --

.. what did he tell you about the place between

them on that occasion? .. well, I think the idea

was, that Mr. Howard would arrange for certain of

the members in Ottawa to pay a visit to the Sherbrooke

plant and go through it.

.. Then a party of you were threatening to

close the Sherbrooke plant at that time? .. No,

I think that is not true. So far as the visit to

the plant was concerned that was back in December.

That was nothing to do with any threat or any closing

or anything of that nature.

.. Why was Mr. Bond going to get Mr. Howard,

or why was Mr. Howard arranging for members of Parliament

to go to Sherbrooke to see this plant if there

had not been some threat in the wind, that we will

close the plant if we don't get what we want?

A. As I point out, it was Mr. Howard's suggestion

that he would like some of the members in Ottawa

to see this new plant which has started up in

Sherbrooke in his own constituency.

.. And that took place, you say, back in December?

A. Yes.

.. Well then, Mr. Bond spoke about an interview

that took place between him and Mr. Howard in regard

to that perfectly innocent visit of members of

Parliament to the Sherbrooke Plant. Do you mean to say that Mr. Dodd has told you nothing of an interview that took place after the Sherbrooke plant was closed?

A. Well, I think that in between, at the time of the closing, Mr. Dodd was in touch with Mr. Howard;

I don't know that he saw him, he may have talked to him on the telephone, and he asked him when the visit was going to be made, and I think he intimated to Mr. Howard that it might be advisable to make it sooner rather than later. That is about the whole story, as far as I know.

Q. So that you got no report from Mr. Dodd, or no information from him as to what Mr. Howard had come in to see him about, when Mr. Howard said he was responsible for this telegram being sent?

A. I more or less understood that he came in to tell him that it was inspired by him.

Q. Just came in to convey that information, and no more about it? A. That is as far as I know, yes.

Q. Well, you wrote on the 15th, to Mr. Kershaw, and I want to read this letter to you again so as to recall it to your memory:

"In view of unsettled conditions in the rayon field at the present time, we have decided against making a definite appointment of a new superintendent of the Rayon Division at Sherbrooke Branch. We wish you to assume the title of "Acting Superintendent, Rayon Division," and to appoint Mr. H.A. Gilbert as "Assistant"

...to the Do you mean to

... that Mr. of an interview

... took place after the was closed

... well, I think that in of the time of the

... Mr. in

... I don't know that he saw him, he may have talked to

... him on the telephone, and he asked him when the visit

... was going to be made, and I think he intended to

... Mr. that it might be advisable to make it soon-

... or rather than later. That is about the whole

... story, as far as I know.

... no that you got no report from Mr.

... no information from him as to what Mr. had

... come in to see him about, when Mr. said he

... was responsible for this telegram being sent?

... I more or less understood that he came in to tell

... him that it was inspired by him.

... that came in to convey that information, and

... no more about it? as far as I know, yes

... well, you wrote on the 12th, to Mr.

... and I want to read this letter to you again so as

... to recall it to your memory:

... "In view of unsettled conditions in the

... field at the present time, we have decided upon

... making a definite appointment of a new

... Superintendent of the Division at

... to wish you to reserve the title of

... "Assistant Superintendent, Division," and to

... report as "Assistant

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Superintendent, Rayon Division,"
effective at once.

5 You will be receiving instructions from
Mr. Daniels to close down operations in the
Rayon Division Friday night, January 17th,
as this action is necessary in view of the
threatened invasion of the Rayon Market
10 in Canada by Japanese goods at the present
time. We have made representations in
Ottawa in the proper quarters, but, until
some action is taken by the Government to
stabilize the situation, it is quite impossible
15 for us to book any further orders or to continue
production for stock purposes."

And on the 16th of January you wrote to Mr. H.B. McKinnon,
Commissioner of Tariffs, Ottawa, as follows:

20 "During the course of our meeting on Tuesday
afternoon (14th inst.) with Mr. Dunning and the
other ministers, it was brought out that the
United Kingdom imposes a minimum duty of 3s. 6d.
per pound on Japanese rayon goods, and Mr. Dunning
25 began to compare this with the effect of the
Canadian duties, and came to the rough and ready
conclusion that there was not a great deal of
difference."

30 A. That would be the effect of the Canadian duties?

Q. Yes. The letter continues:

"I started to figure the actual difference,

effective at once.

You will be receiving instructions from
Mr. Daniels to close down operations in the
Rayon Division Friday night, January 17th,
as this action is necessary in view of the
threatened invasion of the Rayon Market
in Canada by Japanese goods at the present
time. We have made representations in
Ottawa in the proper quarters, but, until
some action is taken by the Government to
utilize the situation, it is quite impossible
for us to look any further orders or to continue
production for stock purposes."

And on the 14th of January you wrote to Mr. H. B. McKinnon
Commissioner of Customs, Ottawa, as follows:

"During the course of our meeting on Tuesday
afternoon (14th inst.) with Mr. Manning and the
other ministers, it was brought out that the
United Kingdom imposes a minimum duty of 3s. 6d.
per pound on Japanese rayon goods, and Mr. Manning
began to compare this with the effect of the
Canadian duties, and came to the conclusion and ready
conclusion that there was not a great deal of
difference."

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Gordon

but, by the time I had it ready, the meeting had passed on to other points, and, as time was short, I did not like to revert."

5 And then you go on into a discussion of formula, and then we come to page 2:

10 "Since returning from Ottawa, I have reviewed our own rayon situation carefully, and, in view of our present stocks and the doubtful validity of present orders on our books, I can only conclude that it would be sheer folly to continue producing more rayon goods in the Rayon Division of our Sherbrooke Branch. I have, 15 therefore, made arrangements for that mill to cease operations tomorrow night; and it will have to remain closed until we can have some reasonable grounds for assuming that goods produced can eventually be sold at a price 20 level in line with cost of production. The mill in question employs between 500 and 600 hands, or approximately 30% of the total employees in the Sherbrooke Branch of the Company.

25 I am hoping that, in spite of the rather indefinite promises of immediate action made by Mr. Dunning, something will be done to stabilize the whole situation so far as landed values on all types of textiles from Japan 30 are concerned. I think the idea of waiting for the situation to develop is tantamount

"I have no objection to the use of the book in the view of our present stock and the importance of present orders on our books, I can only estimate that it would be most fully to the advantage of the company."

I am hoping that, in spite of the rather
unpleasant weather conditions, the
annual meeting of the
company will be held
in the historic
Hall of the
company, in
the city of
New York, in
the month of
November, 1934.
The
meeting will
be held on
November 15th,
at 2:30 P.M.
in the
Hall of the
company, in
the city of
New York.

to watching a fire make headway before attempting to bring it under control, and I am afraid the longer the Government holds off the more difficult it will be in the end to make the changes which are absolutely necessary if our whole industry is to be kept in the picture."

Now, Mr. Gordon, do you not think that the reasonable reading of that is that you had closed the Sherbrooke mill down until the Government took some action?

A. Well, that would be one - yes, that would certainly be one interpretation.

Q. Well, there is not much other interpretation one could put on that.

A. The government might not have to take that action. I think the thing is left so that ^{if} we can see our way clear to continue in business we will do so. Might I look at it and see? I have not got it in mind clearly at the moment. Might I look at it just to get the interpretation?

Q. Certainly?

A. I say:

"I have, therefore, made arrangements for that mill to cease operations to-morrow night, and it will have to remain closed until we can have some reasonable grounds for assuming that goods produced can eventually be sold at a price level in line with cost of production."

That, I think, was the position at the time.

Q. Now, Mr. Gordon, will you swear on your oath that there were not reasonable grounds to believe

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to reaching a five mark headway before attempt-
 ing to put it under control, and I am afraid
 the longer the Government holds off the more
 difficult it will be in the end to make the
 changes which are absolutely necessary if

our whole industry is to be kept in the picture.
 Now, Mr. Gordon, do you not think that the reasonable
 reading of that is that you had closed the shops
 all down until the Government took some action?
 A. Well, that would be one - yes, that would certainly
 be one interpretation.

A. Well, there is not much else in that
 one could put on that. A. The government might
 not have to take that action. I think the thing is
 left so that we can see our way clear to continue
 in business we will do so. Might I look at it and
 see? I have not got it in mind clearly at the moment.
 Might I look at it just to get the interpretation?

A. I say: Certainly?
 "I have, therefore, made arrangements for that
 it will have to remain closed until we can have
 some reasonable grounds for assuming that goods
 produced can eventually be sold at a price level
 in line with cost of production."

That is what I am saying to you now.
 I am saying that the government will not close the shops
 until they have some reasonable grounds for assuming

that the goods being produced in the rayon mill in Sherbrooke could be sold at a price level that would be in line with the cost of production the day you closed the mill? A. No.

Q. No reasonable grounds? A. No, there were not.

Q. You say you had to close the mill; we have no reasonable grounds to assume that goods produced can eventually be sold at a price level in line with the cost of production, that these goods that you were producing at the mill at Sherbrooke could be sold at a price level in line with the cost of production, you had no reasonable ground to assume that? A. No. We would have gone on producing.

However, in view of the large stocks on hand it is quite possible that we would not have been in a position to get rid of these stocks until May or June when the situation might have been anything so far we knew at that time.

Q. But I am talking about reasonable grounds?

A. That was our position, and, therefore, we had no reasonable grounds for assuming that we could.

Q. We had just had the change. You must not forget the tariff had been changed and we had the first instances of the effect.

Q. As far as those goods at Sherbrooke are concerned, was there any reason to believe that they would be affected by Japanese competition?

A. We had no reason to believe that there should

that the goods being produced in the region will in
other words could be sold at a price level that would
be in line with the cost of production the day you

closed the mill?

Q. No reasonable grounds? A. No, there were

not.

A. You say you had to close the mill; we have
no reasonable grounds to assume that goods produced
can eventually be sold at a price level in line with
the cost of production, that these goods that you
were producing at the mill at Sherbrooke could be
sold at a price level in line with the cost of

production, you had no reasonable grounds to assume
that? A. No. I would have gone on producing.

However, in view of the large stocks on hand it is
quite possible that we would not have been in a posi-
tion to get rid of these stocks until say or there-
when the situation might have been anything so far

as that of the time.

Q. Will you tell me what your position was?

A. That was our position, and, the more, we had
no reasonable grounds for assuming that we could.
We had just had the change. You must not forget

the fact that we had been in the line

of the business.

Q. Is it not true that you were in the line

of the business and that you were in the line

of the business at the time?

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Gordon

be any difference in the goods produced at Sherbrooke than goods produced anywhere else.

5 Q. Well, as far as the effect that it has had on any of the goods, that is, the lines that come anywhere near in competition with Japanese goods, the fact is that you have been buying more yarn for those mills?

A. Oh, no., that is not the case.

10 Q. There is not a yard of cloth that has come in from Japan that is anything like the Sherbrooke cloth?

A. I cannot say.

Q. You don't know of any? A. I have not been able to find any.

15 Q. We will deal with the Sherbrooke mill, the cloth in Sherbrooke mill, and the men that were thrown out of employment at Sherbrooke. If we can just stay on that. A. Well, I am just trying to stay as close as you are letting me.

20 Q. All right now. You are saying that on the 16th of January last year there was no reasonable ground to feel that the goods that were being produced at Sherbrooke could be sold at a price that was in line with the cost of production. Now, that is what your oath is at the present time?

A. Yes.

25 Q. Now, why did you not take similar action at the Montreal Cottons? A. Because it so happened, as I stated yesterday, that the two particular lines on which Japanese competition had actually materialized at that time had already been stopped in the greys

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to any difference in the goods produced at home

than goods produced anywhere else.

Q. Well, as far as the effect that it has had

on any of the goods, that is, the linen that come

anywhere here in competition with Japanese goods,

the fact is that you have been paying more for them for

those mills? A. Oh, no, that is not the case.

Q. There is not a yard of cloth that has come in

from Japan that is anything like the shenbrooke of cloth

Q. I cannot say.

Q. I cannot say.

Q. We will read from the shenbrooke mill, the

cloth in shenbrooke mill, and the men that were

known out of employment at shenbrooke. If we

can just stay on that. A. Well, I am just

trying to stay as close as you are getting me.

Q. All right now. You are saying that on the 10th

of January last year there was no reasonable ground

to feel that the goods that were being produced at

shenbrooke could be sold at a price that was in line

with the cost of production. Now, what is that

your only point in the shenbrooke case?

Q. Now, why did you not take similar action at

the Montreal Cottons? A. Because it so happened,

as I stated yesterday, that the two particular lines

of cloth that were produced at shenbrooke and at Montreal

at that time were of the same quality.

some two months before.

Q. Yes, but the rest of the lines out of Montreal Cottons were far nearer the Japanese competition than the lines at Sherbrooke? A. No, no.

I tried to explain to you already that we had developed a special business at Montreal Cottons for the body linings.

Q. Yes, but there are all those other lines?

A. I know, but the tapestry business and the furniture covering business, and the draperies, are all specialized lines that we have and that we are not dealing with on general trade conditions.

Q. No, I am taking the taffetas that were far closer, the one akin to Ming Toy, and that you swore was being sold by Eaton's? A. Those are the very ones that I explained yesterday, it so happened we had already stopped production on.

Q. Two months before? A. Yes.

Q. As a matter of fact, Sherbrooke was a very convenient place to close up a mill on account of the condition of the machinery at Fargos, and the over-production in the grey there, you wanted to cut down production anyway?

A. I think that is putting it in an unnecessary suggestive way, Mr. McRuer, if I may say so.

Q. Well, did it not suggest itself that day to you at the time?

A. It certainly suggested itself to me, that we should not go ahead and further increase

Q. Yes, but the rest of the lines out of Montreal
 cottons were far heavier the Japanese competition
 than the lines of sheeps? A. No, no.
 I think the quality is very different and we had never
 a special business at Montreal Cottons for the body

A. Yes, but there are all those other lines?
 A. I know, but the Japanese business and the Japanese
 covering business, and the draperies, are all special-
 ized lines that we have and that we are not dealing
 with on general trade conditions.

A. No, I am talking the textiles that were far
 closer, the one skin to King Toy, and that you were
 was being sold by Watson's?
 A. Those are the
 very ones that I explained yesterday, it so happened
 we had already stopped promotion on.
 A. Two months before?
 A. Yes.

A. As a matter of fact, sheeps were a very
 convenient place to close up a mill on account of the
 condition of the machinery at the time, and the over-
 production in the grey there, you wanted to get down
 production anyway?
 A. I think that is pretty
 in an unnecessary extensive way, Mr. Walker, if
 I may say so.

A. Well, did it not suggest itself that by so
 at the time?
 A. It certainly suggested itself

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our stock there, that we might not be able to sell in line with the cost of our production.

5 Q. Well then, with the history of this mill, do you think it was fair to the employees to drastically throw them out of employment with the meagre information that you had on the 10th of January, insofar as Japanese competition is concerned? A. Well, I don't think that it really made much difference - thinking of the welfare of the employees - as to when they lost their time, whether they lost it that particular week or a later week.

10 A. Well, it was not necessary for them to lose it at all? A. Well, we thought so. We were not prepared to increase our stock further.

15 Q. You were not prepared to assume any responsibility-- A. We already have.

Q. Of a difficult situation? A. Oh, no,--

20 Q. Until -- A. No, no, Mr. McKuer, that is not fair. We had assumed responsibility already of a very difficult situation, probably from the 1st of January on, and we could ---

25 Q. Do you honestly say that you ever had a difficult situation with Japanese competition?

A. I say --

Q. That any difficult situation has ever arisen?

30 A. Despite your depreciating tone, Mr. McKuer, I still say that we had already faced the potential Japanese competition and probably put ourselves

our stock there, that we might not be able to sell
in line with the cost of our production.

Well then, with the history of this mill, do

you think it was fair to the employees to drastically
throw them out of employment with the same instant

that you had on the 1st of January, instead of

Japanese competition is concerned? A. Well, I don't

think that it really made much difference - thinking

of the welfare of the employees - as to when they

lost their time, whether they lost it that particular

week or a later week.

Well, it was not necessary for them to lose it

at all? Well, we thought so. As we do not

possessed we have the our stock market.

You were not prepared to assume any responsibility

for this situation?

Of a difficult situation?

Well -- No, no, Mr. Wheeler, that is

not fair. He had assumed responsibility already

for a very difficult situation, and we could not

let of January on, and we could not

Do you honestly say that you ever had a

difficult situation with Japanese competition?

I say --

That any difficult situation has ever arisen?

Well, your negotiating tone, Mr. Wheeler,

will say that we had already closed the potential

Japanese competition had already been eliminated

into a worse box up to the middle of January, -

I understand other mills had taken steps earlier.

Q. What other mills do you understand had taken steps earlier?

A. I understood Mr. Tolmie to say at that meeting in Ottawa, that he had already taken steps to curtail production at Milltown.

BY THE COMMISSIONER: Q. Who? A. Mr. Tolmie.

BY MR. MEYER: Q. Canadian Cottons? A. Canadian Cottons.

Q. On account of Japanese competition? A. That was the explanation.

Q. That is what you told the people there to believe at any rate. Any other mills?

A. Mr. Marx, on behalf of Associated Textiles, mentioned a couple of mills that were supplying him with goods.

Q. Well, what did he say? A. I think he said had stopped taking production of those grey mills because he did not think that he wanted to look ahead that far.

Q. What grey mills did he take the production off?

A. He took from, I think it was, the T.S.R., and I just cannot remember the other one at the moment.

It may have been Consolidated Silk at Ste. Hyacinthe, but I am not sure, there were two mills that he referred to, I think.

Q. Well now, your statement to the Montreal Gazette was:

"Hope to re-open when we can see possibility

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of manufacturing goods which can be sold."

A. Yes, that expressed it. They were putting the direct question to me.

Q. Well, that was your reply:

"Hope to re-open when we can see possibility of manufacturing goods which can be sold."

A. Yes, I said a little more. The whole reply has been read into the record before. I may say I have had no previous--

BY THE COMMISSIONER: Q. Have we ever had it?

I don't think we have ever had your telegram?

A. No, it is true you have not had the original telegram.

Q. Have you a copy of it? A. No, I did not make a copy. I wrote it at the hotel desk, but I think I have got it down pretty clearly what I did say.

Q. What you told us last time is what you are saying now. You said you sent this wire and kept no copy of it, but we have never had the wire.

A. I am sorry, sir. I could have got it from the gazette, in the meantime, probably.

BY MR. MORRIS: Q. Well, I do not see that that is amplified in your evidence at all? A. I have just asked the Gazette Reporter if he will try and get it from his office.

Q. All right. While you were writing this wire to the Gazette and writing your letter to

of manufacturing goods which can be sold."

A. Yes, that expressed it. They were putting

... well, what was your reply?

Those to re-open what was the possibility

of manufacturing goods which can be sold."

A. Yes, I said a little more. The whole reply has
been read into the record before. I may say I have
had no previous--

BY THE COURT: Have we ever had it?

I don't think we have ever had your telegram.

A. No, it is true you have not had the original

... Have you a copy of it?
I wrote it at the hotel here, but
make a copy.

I think I have got it down pretty clearly what I did

... what you told us last time is what you are
saying now.

no copy of it, but we have never had the wire.
... I am sorry, sir. I could have got it from the

... in the meantime, possibly.
BY MR. BRADY: Well, I do not see that the

is amplified in your evidence at all? ... I have

... it is all right. ... I have

... I have

6657

Gordon

Mr. McKinnon, I do not see how you can suggest any other interpretation but that your mills were closed until some action was taken by the Government. That is what we wanted people to believe, was it not?

A. Well, that is your interpretation.

Q. Well, is it not what you wanted people to believe? A. No, I don't honestly believe it is. I personally did not want to threaten Mr. Dunning,

or Mr. Ilsley, or any of the Ministers that had received us and listened to us patiently, and I did it only from the purely operating standpoint, from our own internal conditions.

Q. Then your attitude is this, that from a purely operating standpoint, whenever you are struck with a situation that appears, with the meagre information such as you had in this instance, the first thing you do would be to put the employees out on the street? A. No, no, the information was not meagre, Mr. McRuer. You diminish it.

Q. We have been trying our best to get all the material you had? A. It is not a question of how much had come in, or so on. At the moment we were faced with a very strong and tremendous threat that we had to face, that was the only thing, and it was not a meagre threat by any means.

Q. But you had not even made enquiries as to whether the Japanese were selling in the United States or not; you had not made enquiries as to the American

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Journal

Mr. McKinnon, I do not see how you can suggest any other interpretation but that your bill was closed until some action was taken by the Government. That is what we wanted people to believe, was it not?

Well, is it not what you wanted people to believe? No, I don't honestly believe it is. I personally did not want to threaten Mr. McKinnon, or Mr. Wiley, or any of the Ministers that had received us and listened to us patiently, and I did only from the purely carrying argument, from our own standpoint.

Then your attitude is this, that from a purely operating standpoint, whenever you are struck with a situation that appears, with the negro situation such as you had in this instance, the first thing you do would be to put the employees out on the street? No, no, the information was not lacking, Mr. McKinnon. You diminish it. We have been trying our best to get all the material you had? It is not a question of how much we come in, or so on. At the moment we were faced with a very strong and threatening threat that we had to face, that was the only thing, and it was not a negro threat by any means.

But you had not even made enquiries as to whether the Japanese were selling in the island and at not; you had not made enquiries as to the American

rate of duty; had you actually figured out what the rate of duty was here? A. I don't think that was

pertinent. Yes, we knew that with the \$1.25 valuation in effect it meant that the Japanese could not land below, I say at least \$1.75 a pound, and it was very clear from these quotations that the goods were landing about 95 cents a pound, and there was no reason on earth why other goods should not even land at \$1.10 or \$1.15.

Q. Well, it makes an awful difference what kind of goods they are? A. Not by the pound, by the yard.

Q. What would come in by the pound that did not make any difference what kind of goods they were.

A. I am talking now of the rayon values. When you reduce rayon values to the pound you do away with the discrepancy introduced by the yards per pound of the goods, because the lower price is off-set by the higher price per pound. That is the real criterion.

Q. Well, do you say that there was no discussion about closing mills before you went over to Mr.

Dunning's office? A. I don't think I said that, no.

Q. Well, was there a discussion in this group about closing mills before you went over to Mr. Dunning's office? A. No, not in that way. I won't say

the thing was not mentioned, but there was nothing premeditated or proposed before Mr. Tolmie told

rate of duty; had you actually figured out what the
rate of duty was here? A. I don't think that was

portinent. Yes, we knew that with the \$1.10 value-

tion is correct it meant that the amount could not

land below, I say at least \$1.75 a pound, and it

was very clear from these questions that the goods

were landing about 35 cents a pound, and there was

no reason on earth why other goods should not even

land at \$1.10 or \$1.15.

Q. Well, it seems to me that if you had said

goods they are? A. Not by the pound, by the yard

Q. What would come in by the pound that did not

make any difference what kind of goods they were.

A. I am talking now of the rayon values.

you reduce rayon values to the pound you do away

with the discrepancy introduced by the yards per pound

of the goods, because the lower price is offset by

the higher price per pound. That is the deal

arrangement.

Q. Well, do you say that there was no discussion

about closing mills before you went over to Mr.

Q. I don't think I said that.

no.

Q. Well, was there a discussion in this group about

closing mills before you went over to Mr. Buchanan's

Q. No, not in that way. I won't say

the thing was not discussed, but that was not

discussed in connection with the thing.

Mr. Dunning that he had ceased production at Milltown; there was no stated or formal statement about closing mills, or concerted action, or anything of that nature.

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Q. No formal statement? A. No.

Q. I am asking you, did you not discuss the matter of a strike? A. No, I would not feel inclined to do that.

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Q. Well, Mr. Tolmie had informed the Minister, that they had closed the mill at Milltown?

A. Yes, Mr. Tolmie did do that at the meeting.

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Q. Well, on account of Japanese competition, that is what he led the Minister to believe. A. The threat.

Q. A threat that they would close? A. No, the threat of Japanese competition.

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Q. On account of Japanese competition? A. Yes.

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(Page 6670 follows)

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Mr. Manning last he has seemed somewhat at a loss
to say what he would do in the event of a strike
or concerted action, or anything of that
kind.
... no formal statement
... I would not feel
inclined to do that.
... Mr. Manning had informed the Minister
that they had closed the mill at Milltown?
... Yes, Mr. Manning did do that at the meeting.
... well, on account of Japanese competition, in
fact he had the Minister to believe.
... A threat that they would close?
... the threat of Japanese competition.
... (page 6870 follows)

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THE WITNESS: I am afraid, your Lordship, that wire may not be available. The Gazette reporter tells me that as a rule they are destroyed, these telegrams. They are making a search for it but I could give you the gist.

HIS LORDSHIP: No, you told us before, you told us you did not keep a copy.

THE WITNESS: If I put it on therecord before it was from my same notes that I could give it again.

MR. GORDON: Q. You were going to get for me a statement of the amount of business that you did with this firm in Quebec, Gauvreau, Beaudry?

A. Yes. I have not got it.

Q. I think I asked you for that the last time in the witness box? A. No, I have what you asked me for last time.

Q. What is that? A. That is a letter.

Q. Any correspondence you had with them?

THE COMMISSIONER: I think it is well to remind Mr. Gordon, you did ask him yesterday to produce a record of their business with the Gauvreau, Beaudry firm for the last five years? A. Yes, but I have not it ready yet.

MR. GORDON: Q. I think it is fair to say that Gauvreau, Beaudry is the only firm that you could suggest that up until the time you closed this mill had declined your goods because they were buying Japanese? A. No.

THE WITNESS: I am afraid, your honorship, that

viewing that in relation to the case of the

tells me that as a rule they are destroyed, these

telegrams. They are making a search for it but

I could give you the list.

THE WITNESS: No, you told me before, you

told me you did not keep a copy.

THE WITNESS: If I put it on the record before

it was from my same notes that I could give it again.

Q. Now, you were going to get for me

a statement of the amount of business that you did

with this firm in Quebec, Montreal, and

Q. Yes, I have not got it.

Q. I think I asked you for that the last time

in the witness box? A. No, I have what you

asked me for last time.

Q. What is that? A. That is a letter.

Q. Any correspondence you had with them?

Q. I think it is well to mention

Mr. Gordon, you had a letter yesterday to produce a

record of their business with the Government, and

him for the last five years.

I have not it ready yet.

Q. I think it is fair to say that

Government, and that is the only firm that you could

suggest that until the time you closed this will

and that is the only firm that you could

Q. The only one you knew of? A. No, there was another one. I think I mentioned we had word from Winnipeg just about the same time. I have the letter in that connection now.

5 Q. There were only two? A. Yes, only those two specific letters.

THE COMMISSIONER: Q. What firm in Winnipeg?
A. Kay's Limited.

10 MR. McRUER: Q. But the only two firms that you had any information from that they were declining to buy your goods because they were going to handle Japanese goods was Gauvreau, Beaudry and this Kay firm? A. No sir, the situation was, as I have I think told you at the time, that I was informed through our Sales Department that our travellers were meeting with inquiries as to what we were going to do to meet this Japanese competition on all sides and this information was being relayed to our sales manager who in turn was keeping me fully posted on it. So that I had that in a general way. I don't know that I had the names of each person; I know I did not have the names of each person dealt with in that way.

15 Q. Just let us read what Gauvreau-Beaudry said about the situation at that time. This letter is dated January 7th, 1938, addressed to Dominion Textile Co., Valleyfield Division, Montreal.

6871

... I think I mentioned we
had word from Winnipeg just about the same time.
I have the letter in that connection now.
... there were only two.
... those two specific letters.
... my's limited.
... Mr. Nelson: ... but the only two times that
... going
to handle the goods was ... and
this day time ... the situation was,
as I have ... at the time, that I
was informed through our sales department that our
travelers were meeting with difficulties as to what
we were going to do to meet this Japanese competition
on all sides and this information was being relayed
to our sales manager who in turn was keeping me
fully posted on it. ... that I had in a general
way. I don't know that I had the names of each
person; I know I did not have the names of each
person ... in that way.
... that let us read what George ...
said about the situation at that time. This letter
...
...

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"We have two orders with you of Ming Toy Taffetas, our order 0761 your J1640 for delivery January 5th, and our 0763 your J1641-1644 February 25th for 82 and 76 pieces respectively at .18 $\frac{1}{2}$.

No doubt you are aware that the Japanese line is offered today in the market at .13 $\frac{1}{2}$ for February, March delivery, and .12-3/4 for April-May delivery; as we booked our orders early with you, we would like to know what you intend to do regarding that competition.

We hope to hear from you regarding that matter."

Could you produce a copy of your reply, please?

A. I will get it if it was replied to by letter. It may have been handled by traveller.

Q. I mean - there is a pencil mark on it "will advise further"? A. Yes, I see.

Q. Now, I gathered from you when you gave your evidence before that those people had cancelled their order? A. No, I said they are trying to cancel it.

Q. They do not even say that? A. That means if you did not do something--

Q. Did they cancel it? A. We refused to cancel it; we held them to it, with the result that since that time they bought nothing but Japanese goods.

100-1000

100-1000

"We have two orders with you of 1000

Toy Tattlers, one order of 1000 your 1000 for

delivery January 25th, and one order of 1000

1000-1000 delivery January 25th, and one order of 1000

delivery January 25th.

5

We doubt you are aware that the Japanese

line is offered today in the market at 1.15

for Toy Tattlers, much delivery, and 1.15 for

Toy Tattlers delivery; as we booked our orders

early with you, we would like to know what you

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intend to do regarding that competition.

We hope to hear from you regarding that

matter."

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A. I will get it if it was replied to by letter.

It has been mailed by traveler.

A. I mean - there is a general order on it still

pending travel.

20

A. Yes, I mentioned from you when we gave

your 1000-1000 delivery January 25th, and one order of 1000

1000-1000 delivery January 25th, and one order of 1000

delivery January 25th.

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A. They do not even say that.

seems it you are not so satisfied.

A. Did they cancel it?

to cancel it; we told them to it, and they said it

was not their business.

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6673

Gordon

Q. Are you making that as a firm statement?

A. Yes.

Q. That they bought nothing but Japanese goods?

A. Yes, in those particular lines.

Q. Do you know whether they bought any Japanese goods or not?

A. Yes, we have seen it in their place.

Q. Are they selling them?

A. Yes, they are selling them to the retail. They sold all the other wholesalers in Quebec.

Q. Which type of goods? These goods we have filed here?

A. I am speaking particularly of those two. There may be others, I am not so certain about that.

EXHIBIT 438: Letter from Gauvreau, Beaudry Limited, dated January 7th, 1936.

Q. You produced another letter from Winnipeg, Manitoba, dated January 3rd, 1936, re Kay's Limited:

"KAY'S LIMITED., sampled our plain and patterned Ming Toy Taffetas for Spring. They also ordered a few pieces of A quality, see Order K1438. Mr. Halprin now states that he is afraid they will not be able to accept the few pieces on order and that he will have to withdraw our qualities from their range as he was informed last night that he can not get these fabrics of Japanese

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origin through Fishers, Toronto. Fishers
have noted 13½¢ Y.O.D. Toronto, for 28"
Plain and 14½¢ for Floral Brocaded designs.
These prices will enable Kays to sell at
21¢ per yard and make a nice margin of profit.

As you are most likely aware these very low
prices are the result of the Liberal Govern-
ment's recent trade agreement with Japan
whereby for duty valuation purposes on Rayon
Fabrics, such as the one in question, the
Liberal Government has agreed to accept ap-
proximately two-thirds of what the valuation
under the Conservative Government was for the

yen
A. That was rather gratuitous information, it was
not correct. He is giving us his understanding
of it.

Q. You knew it was not correct? A. Yes.

Q. When you saw it? A. Yes.

Q. And if he had got in a panic over that
out in Winnipeg you would know that he was wrong?

A. The situation was worse than he thought.

Q. Two-thirds value for the yen? A. Yes,
he apparently did not realize that the fixed value
had been taken off of 1.25. He was roughly right
perhaps as far as two-thirds.

Q. "Such as the one in question, the Liberal
Government has agreed to accept approxi-
mately two-thirds of what the valuation

6274

GOVERNOR

origin from a Pioneer, Toronto. Others
 have noted that the Pioneer, Toronto, has
 again and again for liberal business
 these offices will enable them to sell at
 25 per cent and have a nice margin of profit.
 As you are most likely aware these very low
 prices are the result of the liberal govern-
 ment's recent trade agreement with Japan
 whereby for every valuation of goods on Japan
 ships, even on the one in question, the
 liberal government has agreed to deduct ap-
 proximately two-thirds of that valuation
 under the Conservative Government was for the
 year

not to be is that he has not
 of it.

1. You know it was not correct?
 2. When you saw it?
 3. And if he had got in a panic over that
 out in thinking you would know that he was wrong?
 4. The situation was worse than he thought.
 5. Two-thirds value for the year
 he apparently had not realized that for 1 and value
 was over 50% of 1.25. He was really

6. From the very beginning, the liberal
 government was going to make a mistake

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6675

Gordon

under the conservative Government was
for theyen, viz. 49.85¢. As you know

while the yen is ordinarily about 49.85¢

it has dropped to the value of about 19¢

in Canadian money."

A. He was wrong in that.

Q. He was just a little out on that? A. Yes,
he was out on that.

Q. "Kay's have quite a little stock on
hand of plain and brocaded rayons, some
of which are Canadian cottons, some
Japanese and some are own . . ."

Well, they had some Japanese on hand then? A. Oh,
it had been coming in all along a bit, some of it
carried over perhaps for some time.

Q. You did not close any mills in 1935 on
account of that? A. Well, it did not come
in at the same value.

Q. "Kay's have quite a little stock on hand
of plain and brocaded rayons some of which
are Canadian cottons, some Japanese and
some our own and Mr. Halprin is now of-
fering them all at the price of 21¢.

Is there anything we can do about these
very low prices which Fisher of Toronto
are quoting, and as Mr. Halprin does not
wish to accept delivery of order K1438

will we cancel? Please advise. In-
cidentally while the plain Japanese

under the conservative Government was

for the year, viz. 45.50%.

while the year is ordinarily about 45.50%

it has dropped to the level of about 15%

it is now in the hands of the Government.

A. It is wrong in that.

.. It was just a little out on that. .. Yes.

on the part of the Government.

"They have quite a little stock on

hand of plain and processed papers, some

of which are Canadian cotton, some

Japanese and some are our own. . . .

well, they had some Japanese on hand when

it had been some in all along a little, some of it

carried over perhaps in some time.

.. It is not of the same value as it was

a count of that. A. Well, it is not some

in at the same value.

C. "They have quite a little stock on hand

of plain and processed papers some of which

are Canadian cotton, some Japanese and

some our own and it is now in the hands of the

Government and it is the price of it.

.. There is nothing we can do about these

very low prices which is the result of the

the market, and as Mr. McPherson does not

wish to accept delivery of other kinds

will we be well? Please advise. ..

.. I am sure you will be satisfied with the results.

6676

Gordon

Rayon Taffeta is not quite as good as
ours it, nevertheless, . . ."

He was willing to go a little further than you in
the witness box? A. No, I said our goods
were better.

Q. "Incidentally while the plain Japanese
Rayon Taffeta is not quite as good as
ours it, nevertheless, will sell if it
is lower in price. The brocaded cloth
is not as good in quality but the Japs
produce wonderful floral designs and this
feature alone has quite an appeal in the
West."

Well now, did you cancel any orders on the strength
of this? A. I do not think we admitted
that cancellation either.

Q. So that so far as you are concerned you had
cancelled no orders - you know of no orders that
had been taken away from you. Well, the first part,
up till the time you closed the mill you had can-
celled no orders? A. We had not admitted
cancellation of any.

Q. There had been no orders cancelled? A. Well,
those are surely attempts on the part of the cus-
tomer to cancel. There are two sides of cancellation.

Q. I quite realize that? A. Customers
ask us to cancel. We either refuse to cancel or we
admit his cancellation.

6076 6076

Japan Tofets is not quite as good as

ours it, nevertheless, . . .

He was willing to go a little further than you in

the matter of the quality of the goods

and the price

"Incidentally, with the plain Japanese

Japan Tofets is not quite as good as

ours it, nevertheless, will sell it

is lower in price. The packaged cloth

is not as good in quality but the tape

proves wonderful. I have heard that this

test the same has quite an appeal in the

market."

Well now, did you cancel any orders on the strength

of this? A. I do not think we admitted

that cancellation either.

. . . so that so far as you are concerned you had

cancelled no orders - you know of no orders that

had been taken away from you. Well, the first part

up till the time you closed the bill you had

admitted no orders? A. We had not admitted

cancellation of any.

. . . There and then no orders cancelled? A. Well

those are entirely attempts on the part of the cus-

tomers to cancel. There are two sides of cancella-

tion. Customers

and the company. We either refuse to cancel or we

cancel the order.

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Q. There had been no orders cancelled? A. It depends what you mean by cancelled.

Q. I mean an order is not cancelled until it is cancelled. I will put it this way: that there was no stronger attempts at cancellation than we have in those two letters? A. No, I think that is typical of the various personal contacts of our salesmen.

Q. Now, had there been any orders cancelled up until the time you closed the mill? A. Well, those orders were.

Q. They were not cancelled, Mr. Gordon, and you know that? A. If the customer refused to take delivery they were.

Q. They had not refused to take delivery in either instance? A. They have intimated very clearly they did not want to take delivery.

Q. I am saying now that there is no order that could be truthfully said to have been cancelled? A. Not taking the literal interpretation of the word the way you use it.

Q. I am taking a truthful ordinary interpretation? A. I am not trying to be evasive I have told you exactly the situation.

Q. I want to make sure. I know what is in those letters, but there were no other orders that were cancelled up until the time you closed the

mill? A. Not with us, no.

..sollenne yd a am hoy tane a bzenef

Si l'impresa ha bisogno di un altro mezzo di trasporto, si può anche...

It is typical of the various personnel contacts

they had not refused to make delivery in

... ..

Q. Now, have you produced to me all the correspondence that you have with customers of yours in respect to Japanese competition? A. I don't think we have made--

THE COMMISSIONER: Pardon me, customers or agents?

MR. McRUER: Q. Customers or agents - the last letter was from their own agents? A. Well, I could not answer truthfully at the moment because I don't know that we searched for everything.

Q. I would like you to give it to us all and I want you to be able to say you have searched and you could find no more, either customers or agents?

A. Where would Brown Silk come into the picture?

Q. I want to have the correspondence with Brown Silk, I would be quite glad to have that - customers, agents or any one, and I want you to be able to say - I had a thorough search made and I can find no more. I quite realize there might be special things said in a letter that refers to subject matter that may be overlooked? A. Yes, we will go full way to meet you because--

Q. Because we want to know the whole situation up to the present date as far as you can give it?

A. Yes.

EXHIBIT 439: Copy of letter from agents of Dominion Textile Company, Winnipeg, dated January 3rd 1936.

1915

Q. Now, have you returned to us all the

a response that we have for the matter of all

Yours in respect to the same and the

don't think we have any more--

A. I think we have more, but I don't know of

any more.

MR. BENTON: A. Question on page 10 - the last

page of the letter we received.

I don't think I have anything to say at the present time

I don't think we have anything to say at the present time.

A. I will like you to give me a list of

I want you to be able to say you have received and

you could find no more, either on the subject or on the

A. I don't think I have anything to say at the present time.

A. I want to have the correspondence as a whole

in my mind, I don't think I have anything to say at the present time.

any more, and I don't think I have anything to say at the present time.

be able to say - I had a thorough search made and

I can find no more. I don't think I have anything to say at the present time.

be able to say - I had a thorough search made and

be able to say - I had a thorough search made and

we will be able to say to you that we have

A. I don't think I have anything to say at the present time.

be able to say - I had a thorough search made and

Y. S.

copy of letter from Mr. Benton
to the Board of Directors, dated
January 1, 1915, and the
response thereto, dated
January 1, 1915.

Q. Now, in regard to your costs that you filed, I am not going to examine you on those. I am going to have them examined by our accountant?

5 A. Would you like that letter that you asked particularly for yesterday?

Q. This is a letter to Fisher, dated January 10th, 1936:

10 " We are in receipt of your letter of the 4th instant and have taken careful note of the contents.

We would like you to forward us, by return mail, samples of the following lines:-
15 27", Plain Rayon: 27" Brocaded: 36", Cotton Crepe. We do not have a Wholesale License.

Trusting that you will give the above your immediate attention and that we shall receive the samples requested by early mail."

20 Now, what is the letter of January 4th? Have we got that? Is that the one with the quotation?

A. Yes,

Q. That better be attached to it? A. That is just a fuller schedule of production of those
25 two lines. That could be made part of that last exhibit, that one of Montreal Cotton production.

THE COMMISSIONER: That will become part of Exhibit 437.

30 MR. McNEIL: Q. Is there anything really on this that was not on the other? A. Yes, it is

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Q. Now, in regard to your letter that you
wrote, I want you to explain to me on those
points to which you are referring by your letter.
I would like to see that letter that you wrote.

A. This is a letter to Fisher, dated January
10th, 1930:

"We are in receipt of your letter of
the 4th instant and have to say that we are
of the contents.
We would like you to forward us, by re-
turn mail, copies of the following lines:-
27, Plain copy; 27, attached; 28, copy
there. We do not have a separate letter.
To state that you will give the same
your letter of 4th instant and that we will
return the same by return mail."
Now, what is the letter of January 4th
that you refer to? Is that the one with the question?

A. Yes.
Q. That letter is attached to it.
Is that a letter which is a question of
two lines. That could be made part of that first
exhibit, that one of Montreal Boston production.
The second exhibit that will become part of
exhibit 1st.

A. Now, as to the other
A. Yes, as to

6680

Gordon

a little more complete, starts further back and comes right up to date.

5 MR. MORUER: The last exhibit we put in last night, was that statement of production?

MR. WHITBLEY: Yes.

10 MR. MORUER: Might I attach this to it, which brings it down to date. This is in regard to King Toy? A. Yes, the brocade, that is Jacquard and the plain, of which you already have samples on the record.

(Page 6681 follows)

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a little more complete, as the bridge is not

as much as it is.

Q. Now, the last exhibit we are in fact

that, was that statement of production?

A. Yes.

Q. Now, that is a person who is

known to you, is it? This is in fact to say

that, the bridge, that is a bridge

and the bridge, of which you also have samples

the bridge.

(page 101 follows)

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6681

THOMAS D. SWITZER, swornEXAMINED BY MR. McRUER:

Q. Where are you employed? A. At Toronto.

Q. With what company? A. T. Eaton Co.

Q. How long have you been with the T. Eaton Co.?

A. Almost thirty years.

Q. In what capacity are you employed there?

A. Buyer of piece goods.

Q. And how long have you been a buyer of piece goods?

A. Oh, about twenty years.

Q. And do you buy rayon in the piece? A. Yes.

Q. And have you been buying rayons in the piece for a number of years?

A. Yes.

Q. We will go back, say, for about a ten-year period - were you engaged in this in 1926?

A. Yes.

Q. For the same company? A. Yes.

Q. And have your duties required you to go abroad for purchasing, etc.?

A. Yes.

Q. And you have knowledge of markets generally and prices you can buy at?

A. Yes.

Q. Now, I would like you to tell me whether you have been buying Japanese rayons during the past few years, the past five or six years?

A. Five years ago we bought them, we were buying them. Then for a period of two or three years we have not been in that market for rayons.

Q. Why?

A. Well, first of all, the tariff was prohibitive and we got similar cloths from

INTERVIEW BY J. H. HARRIS

Q. Where are you employed?
A. I am not employed.
Q. With what company?
A. I am not employed.
Q. How long have you been with the T. Eaton Co.
A. I am not employed.
Q. In what capacity are you employed there?
A. I am not employed.
Q. Buyer of piece goods.
A. I am not employed.
Q. And how long have you been a buyer of piece
goods?
A. I am not employed.
Q. And do you buy rayon in the piece?
A. Yes.
Q. And have you been buying rayons in the piece
for a number of years?
A. Yes.
Q. We will go back, now, for about a ten-year
period - were you engaged in this in 1927?
A. Yes.
Q. For the same company?
A. Yes.
Q. And have your duties remained the same?
A. Yes.
Q. And you have knowledge of markets generally
and piece goods you can buy at?
A. Yes.
Q. Now, I would like you to tell me whether
you have been buying Japanese rayons during the
last few years, the past five or six years?
A. Yes.
Q. Years ago we bought them, we were buying them. Then
for a period of two or three years we have not been
buying them for rayons.
A. Well, times of all, the
market has prohibitive and we are smaller clothes

the British market as well as domestic cloths.

Q. Have you been buying Japanese cloths during the year 1936?
A. Yes, we have experimented with three lines.

Q. What three lines have you experimented with?
A. Plain taffeta, satin, brocade and rayon.

Q. Plain taffeta? A. Yes.

Q. Satin? A. Yes.

Q. And brocade? A. Yes.

Q. And in the rayons? A. Yes, in the rayons.

Q. To what extent have you experimented in these Japanese cloths?
A. In the plain taffeta we brought in about 800 yards.

Q. When did you bring that in? A. In February of this year.

Q. Have you repeated your orders on it?
A. No.

Q. Why have you not repeated your orders?
A. Well, we had difficulty with it because of imperfections, we discontinued the plain.

Q. Now then, what about the others? A. We are continuing to sell the brocade.

Q. To what extent have you been able to sell the brocade?
A. Oh, about 200 pieces of it, about 6000 yards.

Q. About 6000 yards of brocade sold over a period of six months.
A. No, our first

5882

Witness

The British market as well as domestic clothes.

Have you been giving the name of the British

the last year?

three lines.

What three lines have you experimented with?

Plain white, satin, brocade and rayon.

Plain white?

A. Yes.

What?

A. Yes.

And brocade?

A. Yes.

And in the rayon?

A. Yes, in the

To what extent have you experimented in

these Japanese clothes?

A. In the plain

tailor we brought in about 800 yards.

What was the price per yard?

A. 12

February of this year.

Have you reported to the Board on it?

A. No.

Why have you not reported on it?

A. Well, we are definitely with because of

imperfections, we discontinued the plain.

Now then, what about the others? A. We

are continuing to sell the brocade.

To what extent have you been able to sell

A. Oh, about 200 pieces of it.

the brocade?

What about rayon?

A. Well, we have not reported on it.

What about the rayon?

6683

Switzer

shipment was in February and March.

Q. Your first shipments in February and March?

A. Yes sir.

Q. How much in dollars and cents would the
six thousand yards amount to? A. Sell at
about 20¢ a yard, the whole purchase of the rayon
amounted to about \$1,300.

Q. All the rayon business that you have done
in Japanese rayons? A. Those are cost
figures I am giving you.

Q. We can have them either cost, selling price
or whatever you like. I want to get something
like the dollar and cent turnover in Japanese
rayons in the last five months? A. I could
not give you that accurately but if we sold all
we brought in, we have only got 6000 at 20¢ a
yard and about 6000 at 39¢.

Q. Would be about \$1,300? A. Yes.

Q. Could you give me any idea of what your
total business in rayon cloths, rayon piece goods,
would be over those five months? A. Oh,
I could not give you that accurately.

Q. Oh, roughly? A. Oh, might be
\$125,000 or \$150,000.

Q. Now, I show you some samples that have been
filed here from Exhibit No. 128. Look those samples
over. Is that type familiar to you? A. Yes.

Q. I show you some other samples that have

.. Your first shipment in February and March

.. is it?

.. How much in dollars and cents would the

.. first shipment be?

.. about \$25 a year, the whole business of the rayon

.. amounted to about \$1,300.

.. All the rayon business that you have done

.. in Japanese money.

.. I am giving you.

.. We can have them either cash, selling price

.. or whatever you like. I want to get something

.. like the dollar and sent turnover in Japanese

.. money in the last five months.

.. not give you just accurately but if we will

.. we brought in, we have only got 5000 of 1944.

.. and about 5000 of 1945.

.. would be about \$1,300?

.. Could you give me any idea of what your

.. total business in rayon clothes, rayon piece goods,

.. would be over these five months?

.. I could not give you a accurate.

.. I am not sure.

.. I am not sure.

.. I am not sure.

.. I am not sure.

.. I am not sure.

.. I am not sure.

6684

Switzer

been filed from Exhibit No. 147.

MR. GEOFFRION: Who filed these?

THE COMMISSIONER: These were filed when Mr. Hooper was giving evidence.

MR. McRUER: Exhibit 147 was filed in Mr. Gordon's evidence and the other during Mr. Hooper's evidence.

THE COMMISSIONER: That of Mr. Gordon must be Exhibit 146.

MR. McRUER: Exhibits 146-147.

Q. In the first place do you sell goods similar to the samples in Exhibit 146? A. We don't carry it in that narrow width.

Q. This is a 27" width? A. Yes.

Q. Have you not carried it this year at all in that width? A. No, only a small quantity of Japanese we had in.

Q. So that as far as you are concerned would it be fair to say that you were selling this Japanese fabric in place of these fabrics that are shown in Exhibit 146? A. No, because we brought that in as an experiment only and the other we have not been carrying.

Q. Do you carry this same type, this Ming Toy type in other widths? A. No, not that quality. We carry a similar cloth but it is stronger quality.

Q. A heavier quality cloth? A. Yes.

1910-1911

1910-1911

THE CHARTERED ACCOUNTANTS

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THE CHARTERED ACCOUNTANTS

Q. Have you been selling Japanese goods, these Japanese taffetas, in place of similar goods that you buy from Montreal Cottons? A. I cannot say we have. We could sell them provided they come in in perfect weaves. In Japanese weaves we find too many imperfections in our business.

Q. You find too many imperfections in the Japanese weave for your business? A. Yes, in the plain cloths.

Q. I am showing this sample to you, Exhibit 128 is that a type of goods that would sell on the same counter alongside of the type shown in Exhibit 146? A. Yes.

Q. You would sell them over the same counter? A. Yes.

THE COMMISSIONER: One is Japanese and the other is Canadian?

MR. McRUER: Yes.

MR. GROTTRICH: Which is Japanese and which is Canadian?

MR. McRUER: Exhibit 128 is Japanese and Exhibit 146 is Canadian.

Q. What do you say as to their respective qualities? A. This is a superior cloth.

Q. You say exhibit 146 is a superior cloth? A. Yes.

Q. Is it worth more per yard than these from Exhibit 128? A. If used for dress purposes

Q. Have you been selling Japanese goods?

A. Yes, I have.

Q. Goods that you buy from Japanese sources?

A. Yes, I have. We could sell them provided

they come in in perfect weaves. In Japanese weaves

we find too many imperfections in our business.

Q. You find too many imperfections in the

Japanese weaves for your business?

A. Yes, in the plain cloth.

Q. I am showing this sample to you, Exhibit 138

is that a type of goods that would sell on the

same or near alongside of the type shown in Exhibit

139? A. Yes.

Q. You would sell them over the same country?

A. Yes.

THE COMMISSIONER: One is Japanese and the other

is Canadian?

MR. MCKENZIE: Yes.

MR. G. O'BRIEN: Which is Japanese and which is

Canadian?

MR. MCKENZIE: Exhibit 138 is Japanese and

Exhibit 139 is Canadian.

Q. What do you say as to their respective

qualities? A. This is a superior

cloth.

Q. You say Exhibit 138 is a superior cloth?

A. Yes.

Q. Is it better than the Japanese cloth?

A. Yes, it is better than the Japanese cloth.

but for many other purposes it would not.

Q. What other purposes? A. For linings or drapery purposes.

THE COMMISSIONER: Q. Do I understand that you
5 sell it for different prices according to what the customers want it for? A. No, if there is imperfections in the weave they show up in a garment. They do not show up to the same extent in linings and curtains.

10 MR. McRUER: Q. Have you studied the possibilities of importing Japanese cloth under the present tariff prevailing since January 1st? A. Yes, we have gone into it.

15 Q. And as a result of your studies have you decided to import Japanese cloths? A. We decided to drop some. There is only one cloth that really interests us still.

Q. And that is the brocade? A. Yes.

20 Q. And to what extent would you say that has interfered with your purchases of Canadian cloths? A. Up to the present it has not interfered with us.

25 Q. Do you think it is likely to interfere with purchases to any great extent? A. Well, that could depend a lot on competition and in what condition they would continue to deliver that merchandise.

30 Q. There is only one type of cloth, and that

but for any other purposes it will not.

Q. What other purposes?

A. For financial or property purposes.

Q. Is it for the same purpose as the one you mentioned?

A. It is for different purposes according to what the

particulars are. It is for the same purpose as the one you mentioned.

imperfections in the weave they show up in a garment.

They do not show up to the same extent in linings.

Q. Is it for the same purpose as the one you mentioned?

A. No, it is for the same purpose as the one you mentioned.

ties of importing Japanese of the same type as the present

facilities prevailing since January last.

Q. Have you gone into it?

A. And as a result of your analysis have you

decided to import Japanese of the same type as the present

facilities prevailing since January last.

Q. Really interests us still.

A. Yes, it is the present.

Q. And to what extent would you say that

has interfered with your purchases of Canadian

clothes? A. Up to the present it has not

interfered with us.

Q. Do you think it is likely to interfere with

purchases to any great extent? A. Well, that

will depend a lot on competition and in what way

it will be able to compete to deliver that

Q. There is only one type of cloth, and that

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is brocade, after your study you have concluded
would be marketable in your store? A. Yes.

CROSS-EXAMINATION BY MR. KELLOCK:

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Q. The Japanese materials that you were able
to get five years ago, what do you say as to the
qualities of them - did you find them satisfactory?

10

A. Certain lines we were able to get some of them
in a wider width at that time.

15

Q. And were you able to get a considerable
number, greater number, of kind and quality of
cloths than have been shown to you since the be-
ginning of 1936? A. You mean did we see
a bigger range then than now?

Q. Yes. A. No, it is about the same
range.

20

Q. Consisting of what? A. Plains and
fancy weaves. Fancy weaves they do not appeal
to us on account of their widths. The majority of
them, their lines are in 27" width.

Q. Was that true in 1927? A. Yes.

25

Q. Well, the kind of cloths that you dealt
in five years ago were they a wider range than the
ones you have been able to deal with in 1936?

A. No, but the rayon weaving was not down to the
finest it is today. You could get away with cloths
in material then that you cannot get away with now.

30

20/1/1961

1961

in Toronto, after your visit to the factory
and we were able to see the

THE FACTORY VISIT

Q. The question was asked that you were able
to get five years ago, what do you say as to the
qualities of them - did you find them satisfactory?
A. Certain lines we were able to get some of them
in a wider width at that time.

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Q. And were you able to get a considerable
number, greater number, of kind and quality of
forms than have been shown to you since the be-
ginning of 1957? A. You mean did we see

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a bigger range than then now?
Q. Yes. A. No, it is about the same

Q. Location of where? A. Plains and
fancy weaves. Fancy weaves that do not appear

20

Q. Was that true in 1957?
A. Yes. Q. Well, the kind of cloths that you dealt
in five years ago were they a wider range than the

25

ones you have been able to deal with in 1957?
A. No, but the rayon weaving was not down to the

level that it is today. You could get many different
things from the rayon cannot get today with it.

30

Q. And how did the quality of the Japanese goods five years ago that you saw compare with the quality today? A. Very similar.

5 Q. And in 1936 were you offered other lines, were you shown other samples besides the plain taffeta the satin and brocade? A. Yes, we were shown a number of silk lines.

Q. That is, pure silk? A. Yes.

10 Q. I am speaking more of the rayons, what you were shown or offered in 1936, were they confined to the plain, satin and brocades of the cheaper cloths you have mentioned? A. We have not seen

15 very many of them. We know there are certain samples in the country but when they are worked out on a basis of the widths we want they are not of interest.

Q. Then your objection is confined principally to the width so far? A. Yes, and in the 20 cheaper crepes the weave.

Q. Then you were telling my friend about purchases made in 1936. Were you speaking of say till the end of May, 1936, first five months? A. I 25 could not speak definitely of 1936, I would have to look the records up.

Q. I mean, what period did you have in mind?

30 We sell them all the year round. There are more on sale in the fall of the year than in the Spring.

Switzer

Q. And how did the quality of the Japanese goods five years ago that you saw compare with the quality today? A. Very similar.

Q. And is it true that you offered other lines, the satin and brocade? A. Yes, we were shown a number of silk lines.

Q. That is, pure silk? A. Yes.

Q. I am speaking more of the rayon, what you were shown or offered in 1935, were they confined to the plain, satin and brocade of the one piece cloth you have mentioned? A. We have not seen

very many of them. We know there are certain samples in the country but when they are worked out on a basis of the widths we want they are not of

Q. Then your objection is confined principally to the width so far? A. Yes, and in the proper order the weave.

Q. Then you were telling my friend about purchases made in 1935. Were you speaking of say till the end of May, 1935, first five months? A. I could not speak definitely of 1935, I would have

Q. I mean, what period did you have in mind? A. Well, from all the year round. There are

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Q. But in telling my friend about the purchases and sales made since the first of January have you in mind up to say the end of May? A. Right up to date, 1936.

5 Q. And now would you say that your volume compared this year with similar periods last year?

A. Well, the Japanese business was nil last year.

Q. So that it is 100% increased over last year?

A. Yes.

10 MR. McRUER: No, 100 times nothing is nothing.

MR. KELLOCK: Q. In connection with the goods dealt in this year - aside from what the witness told my friend - are they of a class of goods made in

15 Canada? A. The lines we are buying now?

Q. Yes. A. They are but the Canadian cloths are more perfect cloths than the Japanese.

Q. And have you had occasion to buy habutae?

20 A. Well, habutae is real silk. It has a very small sale now.

Q. Do you regard that as of a type made in Canada? A. Habutae is not made in Canada.

Q. And you would regard it as of a type of goods not made in Canada? A. Yes, absolutely.

25 Q. Is that based on some ruling of the custom's department? A. I cannot answer that.

MR. McRUER: Based on whether you can buy it. You try to buy it in Canada.

30 THE WITNESS: The Japanese have it, they cannot make it here.

2. But in telling my friend about the process
and a few weeks since the first of January have you
in mind up to now the end of day? A. Right
up to date, 1936.

3. And now would you say that your volume
compared this year with similar periods last year?
A. Well, the business was not last year.
A. Yes.

4. Now, 100 times nothing is nothing.
A. In connection with the goods
dealt in this year - aside from what the witness told
my friend - are they of a class of goods made in

5. The lines we are buying now?
A. Yes. A. They are but the goods
others are more perfect cloth than the last ones.
6. And have you had occasion to buy habutae?
A. Well, habutae is real silk. It has a very small
size now.

7. Do you regard that as of a type made in
A. Habutae is not made in Canada.
8. And you would regard it as of a type of
habutae not made in Canada?
A. Yes, absolutely.
9. Is that based on some ruling of the custom's
department? A. I cannot answer that.

10. Based on whether you can buy it.
The witness: The witness says it is not made
in Canada.

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Switzerland

MR. KELLOCK: Q. What about spun silk stripes?

A. There are some Japanese cloths brought in that real silk. That is not in competition with Canadian lines, that competes with British lines.

Q. You would regard the spun silk stripes as not of a class of goods made in Canada? A. Up to date they have not done it.

Q. And is that your own view or based on any ruling of the customs department you know of?

A. I don't know anything about customs regulation but I have not seen any made in Canada.

Q. What about artificial brocade? A. I understand there is a line made in Canada. I have not seen it recently.

Q. You regard that as a type of goods made in Canada? A. Yes.

MR. McRUER: In addition to that, it must be in sufficient quantity to supply 10% of the needs of the country.

MR. KELLOCK: Q. In giving my friend the figures as to your purchases in 1936, were you including all goods of Japanese origin dealt in or just speaking of goods that you would have occasion to buy directly from Japan?

A. No, these are bought locally and imported direct, three lines only.

Q. Well, have you had occasion to buy Japanese silk or artificial silk products other than those just dealt with in 1936? A. No, we had a

Witness:

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Q. Now, what about the other side?

A. There are some cases of the same in that

part of the world. It is not in connection with the

same, but it is in connection with the same.

Q. You would regard the same as being an

act of a class of goods made in Canada?

A. I don't know, but I don't think it is.

Q. And is that your own view or based on any

viewing of the customs department you know?

A. I don't know anything about customs regulations

but I have not seen any made in Canada.

Q. What about artificial products?

A. I have not seen any made in Canada. I have

not seen it recently.

Q. You regard that as a type of goods made in

Canada?

A. No, in addition to that, it must be

in sufficient quantity to supply 10% of the needs of

the country.

Q. Now, in 1936, were you importing all

as to your purchases in 1936, were you importing all

goods of Japanese origin itself in or just seeking of

goods that you would have occasion to buy directly

A. No, these are not

locally and imported direct, these are only.

Q. Now, what about the other side?

A. I don't know, but I don't think it is.

Q. And is that your own view or based on any

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cotton line and then we have some silk lines that come in.

Q. That is real silk? A. Yes.

Q. And cotton? A. All cotton, yes.

Q. And my friends was asking you to give your view as to whether or not these Japanese rayons, which you had occasion to buy in 1936, would interfere with the sale of domestic goods and you did tell my friend that for certain purposes the sale of Exhibit 128 would interfere with Exhibit 148. I suppose Mr. Switzer, it is obvious or is it that if you can sell Japanese goods for any purpose in Canada it does displace the market for Canadian goods even though the Canadian goods may be of a higher quality but, in the absence of the cheaper Japanese goods, the need would have been filled by the Canadian goods - would that be a correct statement?

A. It is natural if you fill an appetite with apples they are not ready to eat the orange.

Q. Would you be good enough to look at these samples, which are part of Exhibit 400, and then I will ask you a question. Those are the Australian samples. They were procured by Courtaulds my Lord, in Australia? A. (Witness looks through exhibit 400)

Q. You have looked at the first page. What would you say as to the quality of those goods?

cotton line and then we have some silk lines that

Q. That is right.

A. All cotton, yes.

Q. And my friend was waiting you to give

your view as to whether or not these are new reprints,

which you had occasion to buy in 1950, would insert-

here with the sale of domestic goods and you did tell

my friend that for certain purposes the sale of

Exhibit 128 would interfere with Exhibit 129. I

suppose Mr. Webster, it is obvious on the face of it

you can sell Japanese goods for any purpose in

Canada it does displace the market for Canadian

goods even though the Canadian goods may be of a

lower quality but, in the absence of the superior

Japanese goods, the need would have been filled

by the Canadian goods - would that be a correct

statement? A. It is natural in your

mind an appetite with apples they are not ready to

eat the orange.

Q. Would you be good enough to look at

Exhibit 128, which are part of Exhibit 129, and

then I will ask you a question. These are the

Canadian apples. They were produced by Canadian

my hand, in America.

through Exhibit 129.

Q. You have looked at the first one. What

would you say as to the quality of these goods?

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A. The quality depends on the price.

Q. Well, apart from the price perhaps I could put my question this way: do you consider those samples good merchandise? A. Yes, those are good merchandise.

Q. Would you run through that folder, Exhibit 400, and just tell his Lordship what you think of all the goods shown there from that standpoint?

A. They do not give the contents.

Q. You mean the construction? A. No, whether all rayon or what is in them.

Q. Well, we have that information? A. They are all nice cloths.

Q. Would you say high class cloths? A. No, those are average as far as class goes.

Q. Saleable in Canada?

MR. MORUER: It does not give the contents.

MR. KELLOCK: Q. Saleable in Canada? A. Yes, at a price.

MR. And similar goods made in Canada? A. Yes.

Q. I am instructed that those are entirely all rayon with one exception and that exception is half real silk and half rayon? A. I thought one was part silk.

Q. What you said in going through that book of samples still stands? A. Yes, those are good materials.

Q. The family names are the same.

A. Well, apart from the price perhaps I could

put my question in this way: do you consider those

samples good merchandise?

A. Yes, these are good merchandise.

Q. Would you run through last folder, Exhibit

400, and just tell me how many you took of

all the goods shown there from that standpoint?

A. They do not give the contents.

Q. The same for the other folders?

A. Yes, whether all shown or what is in them.

Q. Well, we have that information?

A. They are all nice things.

Q. Would you say high class of that?

A. No, I don't know.

Q. Is it in the same class?

A. Well, it does not give the contents.

Q. Well, it is similar in character?

A. Yes, it is a nice.

Q. And similar goods made in Canada?

A. I am instructed that those are entirely all

from with one exception and that exception is half

from the other half.

Q. What you said in going through that book of

samples still stands?

A. Yes, those are

from the same.

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BY MR. McRUER:

Q. You had not had any of those samples shown to you? A. No sir.

Q. Or no quotations on them in Canada? A. No.

Q. And have not been called upon to determine what the laid down cost would be here or anything of that sort? A. No.

Q. I may tell you this is something that has been brought from England that is said to have been brought from Australia that is said to have been brought from Japan. So we don't know much about it yet.

MR. KELLOCK: We know what the evidence says.

MR. McRUER: I say we don't know much about this. There is nothing about the widths or anything of that sort that would tell us how far they are available for this market.

Q. Can you tell me if there is any particular reason that the Japanese sell in the 27" widths that you cannot get your widths that are popular in Canada from Japan? A. Well, Canadian volume

could not interest them sufficiently for them to make the wide widths. They cater to the British Indies and East Indies.

Q. Now, you said the Canadian volume of business would not interest them sufficiently to make the wide widths. That was your answer? A. Yes.

THE WITNESS

Q. You had a good many of these people shown

to you?

A. Yes, as a matter of fact on them in London.

Q. And have not been called upon to determine

what the said down cost would be here or anything of

that sort?

Q. I may tell you this is something that has

been brought from London that is said to have been

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brought from London that is said to have been

brought from London. So we don't know about

it yet.

Q. Now, the fact that the evidence says,

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Q. Well, I say we don't know about this.

There is nothing about the witness or anything of

that sort that would tell us how far they are avail-

able for this matter.

Q. Can you tell me if there is any particular reason

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that the Japanese sell in the 37" witness that you

cannot get your witness that are popular in London

from Japan? A. Well, Japanese witness

would not interest them sufficiently for them to

ask the wide witness. They cater to the British

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and the rest of it.

Q. Now, you said the witness would not

interest them sufficiently

Q. Yes. That was your answer? A. Yes.

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Switzer

Q. And the narrow widths or the widths that are in demand in the countries where they sell generally?

A. Yes.

Q. And did you find that same condition existing before when you were importing from Japan?

A. Oh yes, that condition has been there in this type of merchandise.

Q. Now, has there been a considerably development in the rayon industry in Canada during the past five years?

A. Oh, yes.

Q. You sort of smiled - just tell us your view on it, what you know about it because we are trying to get information, and that is the reason we brought you before the Commission as a man who is in contact with the trade?

A. Well, we sell it, we do not manufacture it, but every weaver in the country is trying to manufacture it except the woolen weavers.

Q. I want to see if you can give me any information on this? By the way, so that no one may have any misunderstanding as to our relations;

You have never discussed this matter with me at all or have met me until you went in the witness box?

A. Never saw you before.

Q. What do you say about the conditions after midsummer last year - about midsummer last year there was a surtax went on in regard to Japanese goods. We have had that in evidence, 33 duty, and that that

Q. And the narrow widths on the widths last
are is demand in the quantities here they sell

A. Yes.

Q. And did you find that some condition ex-
isting before when you were importing from Japan?
A. Oh yes, that condition has been in this
type of merchandise.

Q. Now, has there been a considerably development
in the rayon industry in Canada during the last five
years?

A. Oh, yes.

Q. You sort of smiled - just tell us your
view on it, what you know about it because we are
trying to get information, and that is the reason
we brought you before the Commission as a man who
is in contact with the trade?
A. Well,
we sell it, we do not manufacture it, but every
weaver in the country is trying to manufacture it
except the woolen weavers.

Q. I want to ask you if you can give me any in-
formation on this? By the way, so that no one may
have any misunderstanding as to our relations:
You have never discussed this matter with me at all
or have met me until you went in the witness box?
A. Never saw you before.

Q. What do you say about the conditions after
November last year - about midwinter last year
when the tariff was 15 percent on Japanese goods
and that they are extremely low now?

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Switzer

applied to raw silk as well as any other product coming from Japan - did you know that? A. Yes.

Q. Then after that surtax went on did it have any effect on the rayon trade in Canada? A. No, because previous to that you could not bring rayon in anyway.

Q. You could not bring in rayon, that is quite right, but I mean that the mills manufacturing silk did you, as a buyer, find whether or not they were switching to rayon? A. To a certain extent.

Q. Their supplies of raw silks were more difficult to get? A. Yes, for new business it was.

Q. For new business, that is what I mean. After they had made up their raw silk I wondered if you found that mills that had been manufacturing silk were going to rayon or had they changed to rayon earlier than that? A. They had changed earlier.

Q. Well now, is it a fact that a great many mills in Canada that had been engaged in the manufacture of other kind of textiles had in the last couple of years switched to the manufacture of rayon? A. I could not answer that because that is a technical question.

Q. I will put it this way: firms that had previously been selling other textiles to you

...to new silk as well as any other product
... - did you know that?
... did it have
... there is a
... because previous to that you could not bring rayon

... You said not doing in rayon, that is
... I mean in the silk manufacturing
... as a buyer, and whether or not they
... to a certain
... extent.

... of new silks were more dif-
... Yes, for new business it
... was.

... You new business, that is what I mean.
... After they had modern their new silk I wondered
... if you found that mills that had been manufacturing
... were going to rayon or had they changed to
... rayon earlier than that?
... started earlier.

... Well now, is it a fact that a great many
... mills in Canada that had been engaged in the manu-
... of other kind of textiles had in the last
... couple of years switched to the manufacture of rayon?
... question.

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commenced to sell rayons or wanted to sell rayons to you? A. Yes.

Q. Were in the market to sell to you? A. Yes.

5 Q. And you put it in your own way - everybody excepting the woolen trade seemed to have gone into the rayons. A. Yes.

10 Q. Now, I suppose you have to take into consideration the customs duties in selecting the goods that you will buy in foreign countries? A. Yes, you have got to figure your laid down cost?

15 Q. And can you tell me whether it has come to your attention that goods that are listed in the Customs Act or Customs Tariff - not listed in the Customs Tariff but are ruled to come under the provisions of the Customs Tariff as a class or kind not made in Canada. You are familiar with that provision of the Customs Tariff Act? A. Yes.

20 Q. That there are certain tariffs apply to goods made in Canada and then there is a lower scale where it is of a class or kind not made in Canada? A. Yes, but there is very little of that in connection with textiles.

25 Q. Well, has it come to your attention that those textiles could be woven in small quantities in Canada just sufficient to make it a class or kind made in Canada and bring it within that particular ruling and yet you have difficulty in getting your supplies from Canada?

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Q. Now,

Q. Now,

Q. Now, I suppose you have to take into con-

A. Yes.

Q. Now,

Q. Now, I suppose you have to take into con-

Q. Now, I suppose you have to take into con-

Q. Now, I suppose you have to take into con-

A. Yes.

Q. Now,

Q. Now, I suppose you have to take into con-

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Q. Now, I suppose you have to take into con-

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A. I have not come across anything like that.

MR. GEOFFRION: The second time you have tried to find that out.

5 MR. MORUER: No, I have heard remarks to that effect and I want to find out if there is any truth in them.

10 Q. In regard to these brocaded rayons that you were purchasing did you say they were of a class or kind made in Canada? A. I understand was made in Canada but I have not seen them made here.

Q. You understand that those brocaded rayons are made in Canada but you have never seen a sample? A. No.

15 Q. Why would not you see samples if they are made here? A. Well, I will explain that this way: I am out of the country quite a few months of the year and they might be submitted to my assistant who might turn them down.

20 Q. You have never sold them in your store? A. Well, I would not swear.

Q. You do not know of any? A. Not to my knowledge.

25 Q. You have no knowledge of ever having sold brocaded rayons similar to the Japanese brocaded rayons you are selling now in your store, which rayons have been purchased in Canada? A. Personally I have not but it might have been when I was away because there was a cloth made by one Canadian

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mill that was experimenting I think.

Q. What mill was that? A. Canadian
Cottons.

Q. A cloth made by Canadian Cottons, which
was experimented with, you think? A. Yes.

Q. And do you know if they were ever mar-
chandised in your store in any substantial quantity?
A. Not in any substantial quantity.

BY MR. KILLOCK:

Q. What is your understanding as to what brocaded
rayon is? A. It is a jacquard pattern
on a plain cloth. It would be a plain cloth if
it did not have the jacquard pattern.

Q. And did you know that the Dominion Textiles
made 27" brocaded taffeta? A. I have never
seen a sample.

Q. You told my friend that you thought the
Japanese were not interested in the Canadian market
because they only made the narrower widths, 27"?

A. No, I did not mean it that way. Our quantities
would not be sufficient to interest them in setting
up loom for what we could give them on the other
widths.

Q. That is, they would not be interested in
setting up loom to make what width? A. 38"
or 40", for the quantity of business any individual

will find me experimenting I think.

Q. What will we find?

A. Canadian

Canadian

A. A cloth made by Canadian Cotton, which

was experimented with, you think?

A. Yes.

Q. And do you know if they were ever

changed in your store in any substantial quantity?

A. Not in any substantial quantity.

EXHIBIT

Q. What is your understanding as to what preceded

the event? It is a Japanese pattern

on a plain cloth. It would be a plain cloth if

it did not have the Japanese pattern.

Q. And did you know that the American Textiles

made "B" preceded that?

A. I have never

seen a sample.

Q. You told my friend that you thought the

Japanese were not interested in the as when market

because they only make the narrower widths, "B"?

A. No, I did not mean it that way. Our quantities

would not be sufficient to interest them in setting

up looms for that we could give them on the other

Q. But if they would not be interested in

setting up looms to make that width?

A. Yes.

Q. In the quantity of Japanese they would not

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Switzer

could give them.

Q. And is the narrow width other than 38" and 40" not suitable for Canadian business? A. Not for dress purposes, because all patterns sold in this country are made to suit 38 and 40.

Q. How long has that been a fact? A. It has been that for years.

Q. How many years? A. Maybe 10 to 15.

Q. I thought those patterns were more or less world wide by now? A. They are but they are used more extensively on the American continent than elsewhere.

Q. What about 36" width? A. 36" can be worked into 38 pattern.

Q. So that even if the Japanese manufacturer did not make anything wider than 36", then that could be marketable on the American continent? A. Yes.

Q. You did not know this, it was not called to your attention, but the biggest proportion I think of the samples in Exhibit 400 are 36", and I think there is one or two 35", and that had not come to your attention before that they were making those widths? A. No, I had not seen the samples.

MR. MEYER: They had not come on the Canadian market yet.

THEY WERE THERE

Q. And is the narrow width other than 38" and

A. Not available for the same business

Q. The green ones, because all have the same in

A. This country are made to suit 38 and 40.

Q. How long has that been a fact?

A. Has been that for years.

Q. How many years? A. Maybe 10 to 15.

Q. I thought those patterns were more or less

A. They are but they are

used not extensively on the American continent

than elsewhere.

Q. What do you think of 38" width?

A. It would be 38" pattern.

Q. So that even if the 38" pattern was available

A. It would not make anything wider than 38", then that

Q. Would be available on the American continent? A. Yes.

Q. You did not know this, it was not called

A. to your attention, but the 38" pattern is

known of the samples in Exhibit 400 are 38", and I

think there is one in two 38", and that had one

to your attention before that they were making those

Q. No, I did not see the samples.

A. No, they had not come on the Canadian

market yet.

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MR. McRUER: Mr. Fletcher.

SYDNEY STEWART FLETCHER, sworn,

5 MR. McRUER: Excuse me, would you step down for
a minute, Mr. Fletcher. Is Mr. Switzer still here?

THOMAS D. SWITZER, recalled,

10 BY MR. McRUER: Q. There is one thing I want to take
advantage of having you here and get some information
if I can. In doing your business as a buyer or
merchandiser of piece goods what do you say about the
advantages to your firm and to the public generally
of being able to import certain quantities of piece
15 goods to assist you in your business? A. You
have got to import goods otherwise you are not in the
running.

20 Q. I just want to know what you mean by that, you
have got to import goods, otherwise you are not in
the running? A. If you don't import something
different your store is just like the grocery store
around the corner. Canned peas look alike in every
store.

THE COMMISSIONER: What is that?

25 MR. McRUER: Canned peas look alike in every
store. You are good at describing things. Well, Mr.
Switzer, I just want to get from a merchandising
point of view exactly what that means to you and to
the public. Is the market in Canada sufficiently
30 big to enable the textile manufacturers to meet every
requirements of the public taste in piece goods?

THE COMMISSIONER: You mean Canadian manufacturers?

BY MR. McRUER: Q. Canadian manufacturers, to meet every requirements? A. They cannot do it. In plain cloths they can go a long way.

5 Q. In plain cloths they can go a long way.

Why?

A. Because there is no individuality to it.

THE COMMISSIONER: You are back to your canned peas.

MR. McRUER: Yes, there are the canned peas.

10 But when you want fancy goods the market isn't sufficiently big to justify the cost of weaving specialty lines; is that it? A. Well, it is hard to say.

15 Q. Put it in your own way. A. The difficulty is to spread it around without conflicting at every corner, on a novelty, especially printed goods or goods with a pattern on them. The big difficulty we have with domestic stuff is the price competition when the article is readily picked up.

20 Q. What do you mean by that? A. If it is a printed pattern, for instance, Mrs. McRuier does not like to meet Mrs. Hooper on Yonge Street in the same dress.

25 Q. No, there would be an awful row about that. Well, from a merchandising point of view that, I take it, is really an important matter? A. Yes.

30 Q. And in order in the lines that don't within the category of the plain lines, in order that the public taste may be met then you say you are compelled to import? A. Yes.

THE CHAIRMAN: Now, you mean Canadian manufacturers?
BY MR. BRYDIE: Canadian manufacturers, yes.
A. They cannot
do it. In these times they can do a long way.
C. In light of this they can do a long way.
A. Because there is no limit
ity to it.
THE CHAIRMAN: You are back to your original
MR. BRYDIE: Yes, there are the same goods.
But when you want fancy goods the market isn't
sufficiently big to justify the cost of weaving
specialty lines; is that it?
A. Well, it is
to say.
C. But it is your own way.
A. The difficulty
is to spread it around without conflicting at every
corner, on a novelty, especially printed goods or
goods with a pattern on them. The big difficulty
we have with domestic work is the price competition
when the article is readily picked up.
C. What do you mean by that?
A. It is
in a printed pattern, for instance, the border
does not like to meet Mrs. Hooper on Yonge Street in
the same dress.
C. No, there would be an awful row about that.
Well, from a merchandising point of view that, I take
it, is really an important matter?
A. Yes.
C. And in order to the lines that don't belong
the category of the plain lines, in order that the
will have to be met then you say you are compelled

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Q. Then, if you are compelled to import and the rate of duty is ^a high one naturally the burden falls on the consumer? A. Yes, and on the distributor too.

5 Q. In what way is the distributor affected, Mr. Switzer? A. If he doesn't sell it he has got to take his licking.

10 Q. In what way does that affect the general economic condition of the country from the point of view of employment and the commercial advantages to the people of this country? A. I don't know that I am in a position to answer that question.

15 Q. I will put it this way; if there was a lower duty on these textiles that you say you have to import what do you say as to whether you would sell more or not? A. To-day you would not sell very much more. Under normal conditions you would.

20 Q. Under normal conditions you would sell more? A. Yes.

Q. And, at any rate, the consumer would get the ones that he had to buy cheaper; that is correct? A. He should.

25 Q. Well, would he get them cheaper or would the T. Eaton Company absorb it? A. No, they would not, but it depends on how much competition the domestic man can give you.

30 Q. How much competition? A. The domestic mill will give any importation, as to what the distributor can get for it.

BY THE COMMISSIONER: Q. I don't understand that.

Q. Then, if you are compelled to import and the
rate of duty is high one naturally the burden falls
on the consumer? A. Yes, and on the distributor.

Q. In what way is the distributor affected, Mr.
Brydie? A. If he doesn't sell it he has
not to take his licking.

Q. In what way does that affect the general
economic condition of the country from the point of
view of employment and the commercial advantages to
the people of this country? A. I don't know.
That I am in a position to answer that question.

Q. I will put it this way; if there was a lower
duty on these textiles that you say you have to import
what do you say as to whether you would sell more or
not? A. To-day you would not sell

very much more. Under normal conditions you would.
Q. Under normal conditions you would sell as
A. Yes.

Q. And, at any rate, the consumer would get the
ones that he had to buy cheaper; that is correct?
A. He should.

Q. Well, would he get them cheaper or would the
T. Eaton Company absorb it? A. No, they

would not, but it depends on how much competition the
domestic man can give you.
Q. How much competition?

will give any competition, as to what the
distributor can get for it.
Q. I don't understand that

A. The distributor has got to gamble six months ahead. When his merchandise comes in the domestic man has a chance of reproducing it. If he can reproduce it cheaper than you can lay it down then you take the ride.

BY MR. McRUER: Q. That is, the distributor places his order abroad six months ahead; then, if the domestic man reproduces it and gets an article similar he will lay it down cheaper? A. Yes.

Q. Well, he would not reproduce it unless he could do it at a profit likely, would he? A. If it is a good proposition he can do it at a profit.

Q. Well, what do you think, Mr. Switzer -- if it is a fair question you can answer it if you like and if you don't want to answer it you don't need to. What do you say as to the effect of the customs duties on textiles during the last five years on the merchandising of piece goods in your store?

A. That is a big situation. I don't think there was ever at any time in the history of the world that you could get the same results. You take the silk trade, if you wish, where your tariff is prohibitive, still the price is 55% less than when it was imported.

Q. Why is that? A. Internal competition and the low price of raw silk.

Q. Well, the low price of raw silk is a world matter? A. Yes.

Q. There has been a lowering of the price since 1930 all over the world in silk and rayon; that is

1. The situation is not so simple as it seems to be.

When his merchandise comes in the domestic market
a chance of repurchasing it. It can reproduce
it cheaper than you can lay it down then you take the

BY MR. MONTGOMERY: That is, the distributor places

his order about six months ahead; then, if the
domestic market reproduces it and gets an article
similar he will lay it down cheaper? A. Yes.

Q. Well, he would not reproduce it unless he
could do it at a profit likely, would he? A. If it
is a good proposition he can do it at a profit.

Q. Well, what do you think, Mr. Switzer -- it is
is a fair question you can answer it if you like and
if you don't want to answer it you don't need to.

What do you say as to the effect of the customs
duties on textiles during the last five years on the
merchandising of piece goods in your store?

A. That is a big question. I don't think there was
ever at any time in the history of the world that you
could get the same results. You take the silk line

if you wish, where your tariff is prohibitive, still
the price is less than when it was imported.
A. Internal competition and

Q. Why is that? A. Internal competition and
the low price of raw silk.
Q. Well, the low price of raw silk is a world

matter? A. Yes.
Q. There has been a lowering of the price since
1900 all over the world in silk and rayon; that is

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correct, is it not? A. Yes.

Q. So that the tariff would not have anything to do with that. Then, on top of that you say there has been internal competition. Has that been of a very spirited sort? A. Yes, very keen.

Q. Very keen internal competition, new mills growing up and hoping to get part of the share of the production that was afforded? A. Yes.

Q. Now, I ask you what effect the whole situation has had on your business. Have you been able to import the goods you wanted to import to fill the needs of the market? A. We have imported them, but to keep in the front line we have to do it.

BY THE COMMISSIONER: Q. To keep what? A. In the front line we have to do it, but we cannot do it profitably like we used to.

BY MR. MORRIS: Q. What effect has that on the consumer? A. The consumer has not suffered to the extent that the distributor has.

Q. Not suffered to the extent of the distributor? A. Yes.

Q. Does that apply to all distributors in the retail trade? A. Pretty well.

Q. Speaking generally for the retail trade would you say it has a detrimental effect on the retail trade? A. No, I would not say that. The trouble with the retail trade to-day is that the public have not the buying power they had.

Q. They haven't the money? A. The money, yes.

Q. Are you sure they haven't got the money?

correct, is it not?

.. So that the tariff would not have anything

to do with that. Then, on top of that you say

there has been internal competition. Has that been

of a very agitated sort? A. Yes, very keen.

.. Very keen internal competition, new mills

growing up and hoping to get part of the share of

the production that was absorbed? A. Yes.

.. Now, I ask you what effect the whole situation

has had on your business. Have you been able to

import the goods you wanted to import to fill the

needs of the market? A. We have imported

goods, but to keep in the front line we have to do it

at the expense of the tariff? A. To keep what?

.. In the front line we have to do it, but we cannot

do it precisely like we used to.

My Mr. ROBERT: A. What effect has that on the

business? A. The business has not

suffered to the extent that the fishermen have.

.. Not suffered to the extent of the fishermen?

A. Yes.

.. Does that apply to all fishermen in the

small states? A. Pretty well.

.. Speaking generally for the retail trade would

you say it has a detrimental effect on the retail

trade? A. No, I would not say that. The

trouble with the retail trade to-day is that the

middle have not the buying power they had.

.. They haven't the money? A. The money, yes.

.. Are you sure they haven't got the money?

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A. Well, the man on the street hasn't. We know that.

BY MR. KELLOCK:

Q. Mr. Switzer, you spoke to my friend about the necessity of making imports; is that due to lack of initiative in designing on the part of the Canadian manufacturer?

A. No, sir. It is lack of consumption of what they can produce.

Q. Isn't there a good deal -- you correct me if I am wrong -- isn't there a good deal of production of cloths in Canada that are not purely plain cloths, might be called fancy cloths?

A. Oh yes, in cottons you find a lot of that.

Q. And rayon, too?

A. Yes, you will find certain rayons.

Q. And doesn't the Canadian manufacturer export as well as supply the local market?

A. I don't know to what extent. If he did it would put him in a much easier condition with his local market.

Q. And these goods that you find it a matter of good business policy to bring in, are they goods that necessarily sell for higher prices than the plain?

A. Oh, they will have to sell for higher.

Q. I suppose if it were a question of fostering the Canadian manufacturer they would be goods that could stand a higher tariff on importations than the plain ones?

A. Yes, intrinsically they are not as good value as the domestic but

it is the style proposition they have got to pay for.

Q. You told my friend that at the present time

A. Well, the man on the street says, "We must
be careful."
Q. Now, you say, "We must be careful about the
possibility of making imports; is that due to lack of
initiative in designing on the part of the Canadian
manufacturer?"
A. No, sir. It is lack of
appreciation of what they can make.
Q. Isn't there a good deal -- you yourself say it
is wrong -- isn't there a good deal of waste in
of clothes in Canada that are not purely waste cloth
might be called fancy cloth?
A. Oh yes, I
suppose you find a lot of that.
Q. And rayon, too?
A. Yes, you will find
certain rayon.
Q. And doesn't the Canadian manufacturer export
as well as supply the local market?
A. I don't
know to what extent. It is not so much but his
in a much easier condition with his local market.
Q. And these goods that you find it a matter of
good business policy to bring in, are they goods
that necessarily sell for higher prices than the
A. Oh, they will have to sell for higher.
Q. I suppose it is more a question of fostering
the Canadian manufacturer; they would be goods that
could stand a higher tariff on imports than they
the plain ones?
A. Yes, I think so.
They are not as good value as the domestic but
it is the style question on they have got to pay for
Q. You told my friend that at the present time

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there is some 55% of a saving from the consumers' standpoint in buying now over some years ago?

MR. McRUER: No, he didn't say that.

5 MR. KELLOCK: Just a moment, you were speaking then of what cloth? A. I was speaking of real silk.

MR. McRUER: Just a moment,--

THE WITNESS: I don't call it a saving. I call it a loss.

10 BY THE COMMISSIONER: Q. Did you say that?

A. I said there was a drop in the price of 55% but I would not consider it a saving, it is a direct loss.

15 Q. You would not consider it a saving to the consumer? A. To the manufacturer; to the consumer it might be a saving.

Q. Mr. Kellock is asking about the consumer.

20 BY MR. KELLOCK: Q. The consumer benefits to the extent of about 55%? A. Yes, the consumer gets it.

25 Q. That, you say, is the result of competition among Canadian manufacturers during that period by reason of the high tariff existing during the period, isn't that right, or the competition existing during a high tariff period? A. No, the high tariff is still there. It is existing right up to now.

MR. McRUER: What about the world price of silk?

30 MR. KELLOCK: I am not speaking of that at all.

MR. McRUER: You have got to be accurate.

there is some sort of a saving from the consumers' standpoint in paying now over some years ago?

MR. MONTGOMERY: No, he didn't say that.

MR. MONTGOMERY: Just a moment, you were speaking of that cloth? A. I was speaking of that cloth.

MR. MONTGOMERY: Just a moment,--

THE WITNESS: I don't call it a saving. I call it a loss.

BY THE COMMISSIONER: Did you say that?

A. I said there was a drop in the price of 50% but I would not consider it a saving, it is a direct loss.

A. You would not consider it a saving to the consumer?

A. To the manufacturer; to the consumer it might be a saving.

MR. KELLOCK is asking about the consumer.

MR. MONTGOMERY: The consumer benefits to the extent of about 50%.

A. Yes, the consumer gets it.

A. That, you say, is the result of competition among Canadian manufacturers during that period of reason of the high tariff existing during the period, isn't that right, or the competition existing during a high tariff period?

A. No, the high tariff is still there. It is existing right now.

MR. MONTGOMERY: Just about the world price of cloth?

MR. MONTGOMERY: I am not speaking of that at all.

MR. MONTGOMERY: You have got to be accurate.

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MR. KELLOCK: The witness spoke of two elements.

THE COMMISSIONER: Raw material and the internal competition.

5 BY MR. KELLOCK: Q. That was during the period that you spoke of? A. Yes.

Q. That is all, thank you.

BY MR. McNEUE: Q. So that apparently the competition was not as keen when the duties were more moderate than it is now, that is, the domestic competition?

10 A. We had three silk mills in those days.

Q. Of course, rayon is a matter that has come on the market of its own momentum, so to speak. One cannot compare it very well with five years ago because it has been a growing industry the world over?

15 A. Yes; you cannot compare it six months back.

Q. No. That is all, thanks.

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MR. K. BLOOM: The witness spoke of two elements.
THE CHAIRMAN: Now material and the immaterial

competition.

MR. K. BLOOM: That was during the period

A. Yes.

that you spoke of

A. That is all, thank you.

MR. K. BLOOM: So that apparently the competi-

tion was not as keen when the duties were more moderate

than it is now, that is, the domestic competition?

A. We had three silk mills in those days.

A. Of course, there is a matter that has come up

the matter of its own momentum, so to speak. One

cannot compare it very well with five years ago because

it has been a growing industry the world over.

A. Yes; you cannot compare it six months back.

A. No. That is all, thank you.

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Fletcher

SYLVESTER STEWART FLETCHER, recalled,
EXAMINED BY MR. McRUER:

Q. You were sworn; you are employed where, Mr. Fletcher?

A. In Toronto.

Q. With whom?

A. The Robert Simpson Company.

Q. And in what capacity are you employed there?

A. In charge of the fabric departments.

BY THE COMMISSIONER: Q. In charge of what?

A. Fabric departments.

Q. Pattern?

A. Fabric.

BY MR. McRUER: Q. Fabric departments; and being in charge of the fabric departments is it part of your duty to purchase textiles?

A. Yes.

Q. For sale in the store?

A. Yes.

Q. And have you been engaged in the purchase of textiles during the year 1936?

A. Yes,

since the 1st of January.

Q. And can you tell me whether you are buying any Japanese textiles in your store?

A. Yes.

Q. To what extent?

A. Very small

in comparison to our total purchases.

Q. Have you any information you can give me on that subject?

A. We have purchased since the 1st of January to date, that is, to June 11th, \$5,142 at cost.

Q. \$5,142 --

THE COMMISSIONER: Q. At what?

A. At cost.

That is the laid down cost in Canada.

Q. Does that mean Japanese?

Q. Now, you said that you were employed there, Mr. ...

A. Yes, I was employed there, Mr. ...

Q. In what capacity?

A. I was employed as a ...

Q. And in that capacity, are you employed there?

A. In charge of the fabric department.

Q. BY THE COMMISSIONER: In charge of what?

A. Fabric department.

Q. Now, you said that you were employed there, Mr. ...

A. Yes, I was employed there, Mr. ...

Q. In charge of the fabric department, is it part of ...

A. Yes, it is part of the fabric department.

Q. Now, you said that you were employed there, Mr. ...

A. Yes, I was employed there, Mr. ...

Q. Textiles during the year 1935?

A. Yes, during the year 1935.

Q. And can you tell me whether you are buying a ...

A. Yes, I am buying a ...

Q. To what extent?

A. Very small.

Q. Have you any information you can give me on ...

A. We have purchased since ...

Q. The list of January to date, that is, to June 15th,

A. Yes, it is.

Q. Now, you said that you were employed there, Mr. ...

A. Yes, I was employed there, Mr. ...

Q. That is the list down cost in Canada.

A. Yes, that is the list.

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BY MR. McRUER: Q. On Japanese textiles of all sorts? A. Yes.

Q. What proportion of that would be rayons?

A. \$2,251.

Q. So \$2,251 is the total purchase of the Robert Simpson Company, Toronto store, of Japanese rayons since January 1st, 1936; is that right? A. Correct.

Q. And what portion of that would be goods of a class or kind not made in Canada; have you any idea?

A. Of the \$2,251 you refer to?

Q. Yes? A. Approximately \$2,000.

Q. So that we have Japanese rayon purchases in the Robert Simpson store of a class or kind made in Canada to the extent of about \$51 -- \$251 during this year, 1936; that is right? A. To our knowledge I say not made in Canada, to my knowledge not made in Canada. We have not seen the qualities made in Canada; they have not been submitted to us.

Q. What was the particular type of these goods that you say to your knowledge were of a class or kind not made in Canada? A. 27 inch brocaded taffeta.

Q. So as far as the Robert Simpson Company is concerned you do not know of that 27 inch brocaded taffeta being made in Canada? A. We have not had any samples submitted to us.

Q. You have not had any samples submitted to you; if they do make it they evidently don't want to sell it. Now, what was the other type of textiles in addition to the rayons that you sold this year?

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Witness

BY MR. BRYDIE: On Japanese textiles of all

sorts? .. Yes.

.. That proportion of that would be returned?

.. \$2,551.

.. So \$2,551 is the total purchase of the four

types of goods, Japanese goods, in the year 1955?

A. CORN .. since January 1st, 1955; is that right?

.. and that portion of that would be made of a

class or kind not made in Canada; have you any idea

A. Of the \$2,551 you refer to?

.. Yes. .. Approximately \$2,000.

.. So that we have Japanese goods purchased in

the home market of a class or kind made in

Canada to the extent of about \$21 -- \$21 during

this year, 1955; that is right? A. TO ONE

knowledge I say not made in Canada, to my knowledge

not made in Canada. We have not seen the goods

made in Canada; they have not been submitted to us.

.. That was the particular type of these goods

that you say to your knowledge were of a class or

kind not made in Canada? A. BY YOUR PROPOSAL

..

.. So as far as the Robert & Brown Company is

concerned, you do not know of that BY your proposal

.. that they made in Canada? A. We have not

..

.. You have not had any samples submitted to you

if they do make it that, evidently, don't want to sell

it. Now, what was the other type of textiles in

..

A. Silks.

Q. Silks, yes.

THE COMMISSIONER: Are you going to question Mr. Fletcher about the importations from other countries?

MR. McNEIL: Yes. What kind of silks did you import from Japan? Tell us about them.

A. Fugi, pongee, habutses, spun silks.

Q. Were any of those of a class or kind not made in Canada?

A. Yes, they are all of a class or kind not made in Canada.

Q. All of a class or kind not made in Canada.

Now, did you examine into the question of the possibility of importing Japanese goods and selling them profitably in the store?

A. Yes, we have been looking into it.

Q. And have you considered the matter carefully?

A. Yes, as carefully as possible.

Q. Why have you not bought more Japanese goods of the class or kind made in Canada than you have?

A. Most of the samples submitted to us are of inferior quality, not interesting for our trade.

Q. Have you cancelled any orders with Canadian manufacturers as a result of the prospects of buying Japanese goods?

A. Not to my knowledge.

Q. Have you ever suggested it or heard any suggestion that you would cancel or discontinue dealing with Canadian manufacturers?

A. No.

Q. Do you buy from the Canadian manufacturers generally pretty well?

A. We do.

Q. The Montreal Cottons?

A. Yes.

Q. Now, you

Q. Now, you

Q. Now, you

Q. Now, you

Q. Now, you

Q. Now, you

Q. Now, you

Q. Now, you

Q. Now, you

Q. Now, you

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Q. Now, you

Q. Canadian Cottons and Dominion Textile?

A. Yes.

Q. And Associated Silks? A. We buy from any
of the Canadian manufacturers that submit cloths that
are interesting.

Q. Do you buy textiles abroad? A. Yes, we do.

Q. What have you to say about your business abroad
during the last five years? Have you any observations
to make in regard to that? A. Our purchases
in the foreign markets have been very much curtailed
by the very high tariffs.

Q. Has that had any effect on your business?

A. Personally I think it has, yes.

Q. What effect? A. A detrimental effect.

Q. What are the advantages from a merchandising
point of view to be able to bring in lines from abroad?
Why do these manufacturers here not supply you to
your satisfaction? A. They cannot possibly
make everything that the public requires.

Q. Why not? A. Well, it would not be a
profitable undertaking, I presume.

Q. Why? A. The ranges required are
too varied and each country, I think, excels in certain
things. The importation of these qualities rounds
out your assortments although they may not be large.

Q. Now, what do you say about the advantages of
having special lines from abroad to add to those of
the home manufacturer? Does that improve your
business? A. Personally I think it helps
you to sell the domestic goods.

Q. Canadian Cottons and Textiles?

A. Yes.

Q. And associated with?

A. The way from any of the Canadian manufacturers that export cotton to

are interesting.

Q. Do you buy textiles already?

A. Yes, we do. What have you to say about your business during the last five years?

Have you any observations to make in regard to that?

A. Our business

is the foreign markets have been very much curtailed by the very high tariffs.

Q. Has that had any effect on your business?

A. Personally I think it has, yes.

Q. What effect?

A. A detrimental effect. What are the advantages from a merchandising point of view to be able to bring in lines from abroad? Why do these manufacturers here not supply you to your satisfaction?

A. They cannot possibly make everything that the public requires.

Q. Why not?

A. Well, it would not be a

Q. Why?

A. The ranges required are too varied and each country, I think, excels in certain things. The importation of these qualified ranges out your assortment although they may not be identical. Now, what do you say about the advantages of having special lines from abroad to add to those of the home manufacturers? Does that improve your business?

A. Personally I think it helps you to sell the domestic goods.

Q. Now, I just want to get your reasons for saying that; if you have lines from abroad to add to the lines that are manufactured in Canada why should that help you to sell the domestic goods? A. For the reason that your ranges if you are dependent on your own market entirely are of necessity limited. The public generally want to see large assortments. They prefer to see large assortments. They don't want to be limited in their selection and by having these larger assortments it helps your business all through, not only on your imported goods but on your domestic also.

Q. If you have some specially attractive lines to exhibit, we will say, to the public in the windows and the show cases along with the ordinary staple lines from the domestic market do you say that improves the business in both lines? A. In my opinion, yes.

Q. Can you tell me whether or not from your knowledge of the trade that that is a pretty well admitted fact in the trade? Is it a special thing in your store or is it something that is fairly well known from a merchandising point of view?

A. Oh, I think it is a generally accepted fact.

Q. Now, have you any other information in regard to Japanese textiles and the consideration you have given to the subject matter of importations of Japanese goods?

A. Well, I have our figures here for a similar period last year and also the total for 1935.

Q. Now, I just want to get your reasons for saying
that; if you have lines from abroad to add to the
lines that are manufactured in Canada why should that
help you to sell the domestic goods?
A. For
the reason that you know it is a department on
your own market entirely and of necessity limited.
The public generally want to see large assortments.
They prefer to see large assortments.
They want to be limited in their selection and by having
these larger assortments it helps your business all
through, not only on your imported goods but on your
domestic goods.
Q. If you have some especially attractive lines
to exhibit, we will say, to the public in the window
and the show cases along with the ordinary staples
lines from the domestic market do you say that having
the business in both lines?
A. In my opinion
Yes.
Q. Can you tell me whether or not from your
knowledge of the trade that that is a pretty well
admitted fact in the trade? Is it a special thing
in your store or is it something that is fairly
well known from a merchandising point of view?
A. Oh, I think it is a generally accepted fact.
Q. Now, have you any other information in regard
to Japanese textiles and the competition you have
given to the subject matter of importance of Japan
A. Well, I have not figured that out
but a similar period last year and also the year
before.

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Fletcher

Q. Just let us see what you have got; purchases
January 1st to December 31st, 1935, cost \$12,048,
selling \$20,510. Total purchases 1st of January,
1935 to June 11th, 1935, cost \$7.267 and selling
5 \$12,186.

MR. KELLOCK: Is that 1936?

MR. McRUER: No, 1935. Purchases January 1st,
1936 to June 11th, 1936, cost \$5,142 and selling
\$8,946. So that you have bought less Japanese goods
10 up to date this year than you did last year?
A. That is right.

Q. And apparently those that you did buy were not
as profitable -- no, they are about the same, I guess.

A. Not much difference.

15 Q. I wonder if we might have that filed as an
exhibit, my lord, please.

THE COMMISSIONER: Does it just show the Japanese?

MR. McRUER: Just the Japanese imports, yes.

THE COMMISSIONER: Exhibit 440.

20 EXHIBIT NO. 440: Japanese imports by
Robert Simpson Company.

BY MR. McRUER: Q. Now, have you any other tables
or memoranda in regard to the matter? A. Our
Japanese purchases this year to date represent a little
25 over one per cent. of our total purchases.

Q. Your Japanese purchases of rayon goods, is it,
or textiles altogether? A. Textiles altogether.

Q. Textiles altogether, represent a little over
one per cent. of your total purchases. Well now,
30 we have had a bit of talk about these brocaded taffetas.

Q. Just let me see what you have got; purchases

January 1st to December 31st, 1935, cost \$12,044.

Selling \$20,210. Total purchases Jan of January.

1935 to date Jan. 1936, cost \$7,202 and selling

\$12,100.

Q. Answer: In Jan 1936?

MR. MORRIS: No. 1936. Purchases January 1st.

Q. Now, you have bought less Japanese goods

\$6,966. So that you have bought less Japanese goods

up to date this year than you did last year?

A. That is right.

Q. And apparently, since that you did buy more

as profitable -- no, they are about the same, I think

Q. Now, I think you have that right as an

Q. I wonder if we might have that right as an

exhibit, my lord, please.

THE COMMISSIONER: Yes, it is just what the Japanese

MR. MORRIS: Just the Japanese imports, yes.

THE COMMISSIONER: Exhibit 440.

Q. Now, have you any other exhibits?

BY MR. MORRIS: Q. Now, have you any other exhibits?

Q. Now, have you any other exhibits?

Q. Now, have you any other exhibits?

over one per cent. of our total purchases.

Q. Now, have you any other exhibits?

Q. Now, have you any other exhibits?

Q. Now, have you any other exhibits?

Q. Now, have you any other exhibits?

Q. Now, have you any other exhibits?

I see the purchases that you made from A. B. Fisher and Company of 27 inch brocaded taffeta were at 16½ cents, 15.7 cents and 14.9 cents, for the 27 inch, and for the 36 inch, some from the European Silks, 700 yards at 24 cents? A. That is another quality. That is not the same.

Q. That is not brocaded taffeta, that is rayon satin, oh yes. And the only cottons that you have purchased was 36 inch cotton crepe and at 13.5 cents a yard? A. Right.

THE COMMISSIONER: Was that from Japan?

MR. McRUER: That is from Fisher, yes, 36 inch cotton crepe. Is there a cotton crepe made in Canada? A. I haven't seen it.

Q. You don't know of a cotton crepe made in Canada? A. Not a cotton crepe.

Q. Alright.

THE COMMISSIONER: What about the importations from other countries?

MR. McRUER: Oh yes.

THE COMMISSIONER: From Great Britain or other countries.

BY MR. McRUER: Q. Have you been during the last five years doing a great business with Great Britain and other foreign countries, other countries?

A. In fabrics?

Q. Yes.

A. I am afraid I cannot give you the history of fabrics because I have only been associated with the store directly in fabrics since January 1st. Prior to that I was over in Europe

I see the impression that you have from A. B. Fisher
and company of 27 inch processed cottons were 12
100 cents, 12.7 cents and 14.9 cents and 17.5 cents of each,
and for the 25 inch, some from the European mills,
100 yds at 25 cents? A. That is another matter.

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. That is not processed cottons, that is
cotton, on 25. And the only cotton that you have
purchased was 25 inch cotton on 25 and at 12.5 cents

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THE QUESTIONER: Was that from Japan?
MR. FISHER: That is from Japan, yes, 25 inch
cotton on 25. Is there a cotton on 25 in

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.. You don't know of a cotton on 25 in
.. Not a cotton on 25.

.. Not a cotton on 25.

THE QUESTIONER: What about the importations
from other countries?

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MR. FISHER: On 25.
THE QUESTIONER: From what? Britain or other

BY MR. FISHER: I have you been during the last
time you have done a great business with Great Britain
and other countries, have you not?

25

.. I am afraid I
cannot give you the history of British because I have
only been connected with the same since 1900
other countries.

30

for eight years.

Q. Over in Europe for eight years? A. Yes.

Q. What were you doing in Europe?

A. Representing the company over there.

Q. Representing the Robert Simpson Company in Europe? A. Yes.

Q. Buying there? A. Yes.

Q. Where were you in Europe? A. Headquarters in London.

Q. Did you travel over the continent? A. Yes, quite extensively.

Q. During the last five years? A. Yes.

Q. And did you buy in Europe, ~~xxx~~ on the continent for the Robert Simpson Company? A. Yes.

Q. To what extent were you able to do business with European countries? A. Are you referring to lines generally or textiles?

Q. Textiles? A. I do not have the figures except for a certain period of last year in connection with our importations of textiles. From January 1st to the date these figures were compiled, that is November 26, 1935, from January 1st, 1935 to November 26, 1935 in silks our purchases were 97% Canadian, about 1.6% European, .7% British and .7% American.

Q. .7% British and .7% American? A. Yes.

THE COMMISSIONER: What percentage of Japanese?

BY MR. McRUER: Q. What percentage of Japanese last year? A. Oh, that I should explain.

The Japanese purchases, the figures of which I gave you

Q. Now, that I should explain, the figures of which I gave

A. Oh, that I should explain.
BY MR. MORUM: Q. What percentage of Japanese
THE COMMISSIONER: What percentage of Japanese?

A. 7% British and 7% American.
American.

Q. That is November 25, 1935 in silk our purchases were 97%
January 1st to the date these figures were compiled.
connection with our importations of textiles. From
figures except for a certain period of last year in
Q. Textiles?

A. I do not have the
lines generally or textiles?

A. Are you referring
Q. To what extent were you able to do business
for the Robert Simpson Company?

A. Yes.
Q. And did you buy in Europe, even on the continent
Q. During the last five years?

A. Yes.
Q. Did you travel over the continent?
in London.

Q. Where were you in Europe?
A. Yes.
Q. Buying there?
A. Yes.

Q. Representing the Robert Simpson Company in
A. Representing the Robert Simpson Company in
Q. What were you doing in Europe?

Q. Over in Europe for eight years?
A. Yes.

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Fletcher

before, are included in that Canadian total because they were purchased in Canada at laid down prices so that the Canadian figure needs a slight revision in that we have the 1935 total to take from that.

5 Q. In my recollection about \$12,000? A. Yes.

Q. Or about one per cent. Well, had you been buying in Europe before 1930? A. Oh yes.

by THE COMMISSIONER: Q. Eight years, you say? A. Yes.

10 BY MR. McRUER: Q. Eight years, yes; was there a change in the business you were able to do abroad in textiles? A. Oh, definitely.

Q. Pardon? A. Yes, with the introduction of the higher tariffs in 1930 or 1931, was it, I just forget, our purchases were curtailed considerably.

15 Q. Yes; did you find any reaction in your relations with the commercial community abroad when you were not able to buy from them, any reaction toward Canada? A. Yes, not towards ourselves, of course, not towards the firm, or to myself personally, but I would say there was a certain dissatisfaction, particularly in the British market.

20 Q. Dissatisfaction towards what? A. Towards Canada's introduction of these prohibitive tariffs, what they considered prohibitive tariffs.

25 Q. Was that reaction that you experienced made manifest by your relations with the people commercially, the commercial world over there? A. It was a matter for frequent discussion, Canada's apparent -- 30 what shall I say, I should not say disregard, I should

...are included in that Canadian total because
the, were purchased in Canada at fairly low prices so
that we have the 1935 total as 100,000.

...in my recollection about 1935, 1936?
...of about one per cent. Well, has your been

paying in Europe before 1935?

by the Commission? ... Right years, you say?

... Yes.

... Mr. McNamara: ... Right years, yes; was there a
change in the business you were able to do abroad in
textile?

... Yes, with the introduction

of the higher tariffs in 1930 or 1931, was it, I think

... Yes, did you find any reaction in your relations

with the commercial community abroad when you were not

able to buy from them, any reaction toward Germany?

... Yes, not towards ourselves, of course, but towards

the firm, or to myself personally but I would say that

was a certain dissatisfaction, particularly in the

British market.

... Dissatisfaction for what?

... Yes, dissatisfaction for what?

... Yes, dissatisfaction for what?

... Yes, dissatisfaction for what?

... Yes, dissatisfaction for what?

... Yes, dissatisfaction for what?

... Yes, dissatisfaction for what?

... Yes, dissatisfaction for what?

... Yes, dissatisfaction for what?

... Yes, dissatisfaction for what?

say their one-sided attitude in the matter of the tariff question. Having been cut off entirely they did not feel was quite the fair thing.

Q. What would you say as a business man as to whether or not that attitude of the public over there with whom you came in contact would have any effect on our ability to market goods in those markets?

MR. GEORTRION: That is pretty far afield.

MR. McRUE: Not nearly as far as we were yesterday.

THE WITNESS: I believe it has had ^{its} ~~that~~ effect.

Q. Pardon? A. I definitely believe it has had its effect.

Q. On what do you found that belief? A. Well, just the general impression that one gets living in that community and hearing every day the conversation of people whom ^{you} are mingling with. There was not -- I don't think there was the disposition to favour Canadian goods to the extent that there would have been if they felt the arrangements were more reciprocal.

Q. In other words it stirred up commercial antagonism towards Canada? A. In the sphere of manufacturing I would say to some extent, yes.

Q. It would not be correct then to say, I take it, that in your store you have supplanted Canadian goods by Japanese goods in any sense of the term?

A. Most of the qualities that we are running, they have been running for years. All the silk cloths I have mentioned I find according to our records have been running for five years or probably more.

Q. Alright, thanks.

...in one-sided attitude in the matter of the ...
...Having been out off entirely they did not ...
...with the ...

...the ...
...whether or not ...
...with whom ...
...our ability to market goods in these markets?
...That is pretty far off.

...I believe it has had ...
...A. I definitely believe it has ...
...had the effect.

...is that do you found that belief?
...just the general impression that the ...
...and ...
...it people ...
...I don't think there was the disposition to favor ...
...Canadian goods to the extent that there would have been ...
...if they felt the arrangements were more reasonable.
...In other words it stirred up commercial ...

...A. In the ...
...stimulating I would say to some extent, yes.
...it would not be correct ...
...that is your ...
...of Japanese goods in any sense of the term?
...Most of the ...
...All the ...
...I find according to our records have been ...
...for five ...
...right, thanks.

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Fletcher

BY MR. KELLOCK:

Q. Mr. Fletcher, the figures that you gave his
 lordship of imports of Japanese goods from the 1st of
 January this year, \$3,281 on rayon, how much does that
 amount to a yard? A. Do you want the average
 figure?

Q. Alright. If you have not made the calculation
 give us the limits. A. Average about 17 cents.

Q. What is the highest? A. 24.

Q. And the lowest? A. 14.9.

Q. What were you buying at 14.9? A. Brocaded
 taffeta.

Q. The width? A. 27 inch.

Q. 27 inch; what was the next highest price?
 A. 15.7.

Q. What was that? A. The same.

Q. Any different specifications? A. Not to my
 knowledge.

Q. Why the difference in price? A. The 15.7
 figure represents a very small yardage; probably that
 was the reason for it.

Q. What is the next figure? A. 16½.

Q. What was that for? A. The same item --
 no. I beg your pardon -- yes, it was the same item.

Q. Is the explanation the same, that it was a
 small yardage? A. Well, that figure is higher.

Q. Pardon. A. That next figure is higher.

Q. Is that the reason it is higher because it was
 a small yardage? A. No, I cannot give you the
 reason for that.

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Fletcher

Q. What was the next figure? A. That is all.

Q. You said it went up to 24 cents?

A. Oh, 24 cents, that was a satin.

Q. Was there anything between the 16 cent figure and 24 cents? A. No. Oh, wait a minute, pardon me, there is a 36 inch, the same item in the 36 inch.

Q. There is what? A. Brocaded satin in the 36 inch which of necessity is higher in price.

Q. What was that? A. 29½ and 33.

Q. You didn't take that figure into consideration in the average price you gave his lordship? I understood you to say you started at 24 cents and went down to 14.9? A. That is correct. I had overlooked the wider width.

MR. McRUER: The question was dealing with the \$250 worth of stuff.

MR. KELLOCK: No, I was not dealing with that at all.

MR. McRUER: Yes.

MR. KELLOCK: No, the \$2,250.

THE WITNESS: The 36 inch is a small item anyway; that is only a total yardage of about 400.

Q. What was the width of the satin at 24 cents?

A. 36 inch.

Q. Then, you had something at 29 cents; what was that? A. Cost 29 cents?

Q. Yes, what was that 29 cent figure you just gave his lordship? A. Oh, 29 -- that is the 36 inch brocaded satin, 29½.

Q. What was the next figure?
A. That was the next figure?
Q. You said it went up to 24 cents?
A. Oh, 24 cents, that was a selling.
Q. Was there anything between the 12 cent figure
and 24 cents?
A. No. It was a minute.
Q. Now, there is a 26 inch, two same item in the
26 inch.
A. Proceeded again
Q. There is what?
A. In the 26 inch which of necessity is higher in price.
Q. What was that?
A. 23 1/2 and 25.
Q. You didn't take that figure into consideration
in the average price you gave his lordship?
I understood you to say you started at 24 cents and
went down to 14.95?
A. That is correct. I had
overlooked the wider width.
MR. MORRIS: The question was dealing with the
260 worth of stuff.
MR. LAMSON: No, I was not dealing with that
at all.
MR. MORRIS: Yes.
MR. LAMSON: No, the \$2,250.
THE WITNESS: The 26 inch is a small item
anyway; that is only a total package of about 400.
Q. What was the width of the satin at 24 cents?
A. 26 inch.
Q. Then you had something at 23 cents; what
was that?
A. Yes, what was that 23 cent figure you had
A. Oh, 23 -- that is the

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Q. What is it? A. Brocaded satin.

Q. When did you get your first shipment in 1936 of these Japanese goods? A. I do not have that information.

Q. Can you give me any idea of how long after the 1st of January it was?

MR. MORRIS: About the middle of February, I think.

THE WITNESS: Oh, probably in February, I would not be sure.

BY MR. KILLOCK: Q. That is what my friend said; do you know that? A. No, I don't;. I do not have that information with me.

Q. Pardon? A. That is what I said, I do not have the information with me.

Q. When you say February are you just guessing or is it an approximation? A. You asked me to p--

Q. I did not ask you to guess. I asked you to tell his lordship approximately? A. That is to the best of my knowledge; it would be about then, but I am not sure.

Q. Some time in February? A. Yes.

Q. The end of February? A. That I cannot say.

Q. Did you give the orders? A. I personally did not place them.

Q. But, under your direction? A. Yes.

Q. When were the orders given? A. That information I do not have with me.

Q. Do you not remember? A. No.

Q. Was it in January or February? A. Probably

Q. What is it?

A. When did you get your first shipment in 1936?

Q. Of these Japanese goods?

A. I do not have that

information.

Q. Now you give me any idea of how long after

the last of January it was?

A. Nowhere; about the middle of February, I said

the 17th; it was probably in February, I would say

the same.

Q. Now, I think: That is what my friend said;

do you know that?

A. No, I don't.

I do not have that information with me.

Q. Now?

A. That is what I said; I do not

have that information with me.

Q. Now, you say February are you just guessing

or is it an approximation?

A. You asked me to guess.

Q. I did not ask you to guess. I asked you

to tell me approximately.

A. That

is to the best of my knowledge; it would be about then

but I am not sure.

Q. Some time in February?

A. Yes.

Q. The end of February?

A. That I cannot say.

Q. Now, you give me any idea of how long after

the last of January it was?

Q. Now, under your direction?

A. Yes.

Q. When were the others given?

A. That I don't

know I do not have with me.

Q. Now, you are not remembering?

A. No.

Q. Now, it is January or February?

A. Probably

in February.

Q. You heard about the change in the tariff on the entry of these goods, of course, Mr. Fletcher, immediately after the first of the year? A. Yes.

Q. Then, were you immediately canvassed by people wanting to sell Japanese goods? A. I was not here at that time; I was away in Europe.

Q. When did you arrive? A. The end of January.

Q. So you have only been in this country since the end of January. Did you find when you arrived here that your department that you are now handling had immediately been canvassed by people wanting to sell Japanese goods? A. Probably not to any greater extent than before.

Q. Then before what? A. Than before January.

Q. How do you know that? You were not even in this country? A. I am giving you that information --

MR. McHUE: You asked him did he find the people at his store had been canvassed and he told you not to any greater extent.

MR. KELLOCK: I don't want my friend to help the witness. If the question is objectionable his lordship will rule on it.

THE COMMISSIONER: You asked the question yourself; he can only give you what information he has.

BY MR. KELLOCK: Q. Did you answer, Mr. Fletcher, from something you found out after you had arrived in Canada?

A. One naturally makes inquiries about the past history when you take over

a new responsibility and you have to base your opinion on that.

Q. When you got back here did you immediately start to make inquiries as to how much canvassing had been done in 1935 by people wanting to sell goods and how much had been done in January, 1936?

A. Well, the Japanese field being an entirely new one to me I naturally wanted to know as much as I could about it and asked all the questions I could possibly ask. That may have been one.

Q. Was it one? A. Well, it is too far back to remember.

Q. Then, you don't know. Who was it that canvassed your firm to sell these Japanese goods?

A. We had many samples directly from Japan.

Q. You had many samples directly from Japan, and what nature were these samples? A. Oh, samples of all descriptions.

Q. All descriptions of merchandise?

A. All descriptions of textiles.

Q. All descriptions of textiles. That is wool and cotton and rayon and silk? A. Excluding wool.

Q. Everything else; you had these directly from Japan? A. Right.

Q. Was that new over what the experience had been in 1935? A. I don't know.

Q. Alright; in any event, you know you had in January of this year. Now, you said that of this \$2,251 of imports of rayon in 1936 there was \$2,000 value of material which was not made in Canada; now,

a new responsibility and you have to have your opinion
on that.
Q. When you got back here did you immediately
start to make inquiries as to how much conversing had
been done in 1933 by people wanting to sell goods
and how much had been done in January, 1934?
A. Well, the Japanese field being an entirely new
one to me I naturally wanted to know as much as I
could about it and asked all the questions I could
possibly ask. That may have been one.
Q. Was it one?
A. Well, it is too far
back to remember.
Q. Then you don't know. Who was it that
convinced you that to sell these Japanese goods?
A. I had many samples directly from Japan.
Q. You had many samples directly from Japan, and
what nature were these samples?
A. Oh, samples of
all descriptions.
Q. All descriptions of commodities?
A. All descriptions of textiles.
Q. All descriptions of textiles. That is wool
and cotton and rayon and silk?
A. Everything else; you had them directly from
Japan?
A. Right.
Q. See that now over what the experience had been
in 1933?
A. I don't know.
Q. Right; in any event, you know you had in
January of this year. Now, you said that of this
total of imports of rayon in 1933 there was 1,100
which is material which was not used in making goods

why do you say --

MR. McRUER: Class or kind not made in Canada.

BY MR. KELLOCK: Q. Class or kind not made in
Canada; why do you say that?

A. This cloth,
that brocaded taffeta is cloth that we have not had
submitted to us.

Q. Are you speaking now of the 27 inch brocaded
taffeta?

A. Right.

Q. So far as you know that is not made in Canada?

A. As far as I know it isn't.

Q. I am showing you exhibit 146, Mr. Fletcher.
Have you ever seen material of that kind made in
Canada?

MR. McRUER: There are a lot of different kinds
in that exhibit.

MR. KELLOCK: Colours.

MR. McRUER: Kinds, too.

MR. GEOFFRION: He said the 27 inch was not made
in Canada.

MR. McRUER: They are different.

THE WITNESS: It must be borne in mind, of course--

BY THE COMMISSIONER: Q. What is that? A. It
must be borne in mind that I cannot possibly see
everything myself. I have agents who look at the
merchandise and have the responsibility and buy.

BY MR. KELLOCK: Q. I was just asking you as to
your reason for saying that the \$2,000 was material
of a class or kind not made in Canada. I was asking
you if you had seen material similar to exhibit 146
before as having been made in Canada, have you?

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Q. Now, you are saying that the 27 inch was not made in Canada; why do you say that?

A. While I believe that evidence that it is close to what we have not had submitted to us.

Q. Are you assuming that the 27 inch was made in Canada?

A. Right.

Q. So far as you know that is not made in Canada?

A. As far as I know it isn't.

Q. I am showing you exhibit 1A, Mr. McKeown. Have you ever seen material of that kind made in Canada?

MR. McKEOWN: There are a lot of different kinds in that exhibit.

MR. McKEOWN: Certainly.

MR. McKEOWN: He said the 27 inch was not made in Canada.

MR. McKEOWN: They are different.

THE WITNESS: It must be borne in mind, of course, that the 27 inch was not made in Canada.

MR. McKEOWN: What is that?

THE WITNESS: I must be borne in mind that I cannot possibly see everything myself. I have agents who look at the merchandise and have the responsibility and say.

MR. McKEOWN: I was just asking you to say that the 27 inch was not made in Canada.

THE WITNESS: I was just asking you to say that the 27 inch was not made in Canada.

Fletcher

A. I think I have seen that plain cloth.

Q. When did you see that?

A. Some time

since the end of February -- the end of January when
I came here.

5

Q. That is, you have seen material of this
character, the plain, which has been made in Canada?

A. Yes.

10

Q. I suppose for the eight years you were out of
the country you were more or less out of touch with
what was being manufactured in Canada? A. Not
altogether.

Q. Didn't you devote yourself pretty much to
buying in the foreign markets? A. Quite right.

15

Q. Pardon? A. Yes, that was my main
interest, of course.

20

Q. You said, Mr. Fletcher, you thought you had
seen in February of this year the material similar
to the plain which is part of exhibit 146. What about
the brocaded which is part of the same exhibit?
A. I don't remember this.

25

Q. You don't remember ever having seen that?
A. No, not personally.

Q. To that extent you were out of touch with what
was going on in Canada when you were away?

MR. McRUER: We don't know yet that it is a class
or kind made in Canada.

MR. HEWARD: It has been filed and proved.

30

MR. McRUER: We don't know to what extent it is
made. Eatons never heard of it.

MR. KELLOCK: I am not arguing the thing now.

Witness

A. I think I have seen that plain cloth.

Q. When did you see that?

A. Some time in the end of January -- the end of January when

Q. What is, you have seen a series of this

on the floor, the plain, which has been made in January?

A. Yes.

Q. I suppose for the eight years you were out of

the country you were more or less out of touch with

A. Not what was being manufactured in January?

Witness

Q. Didn't you devote yourself pretty much to

working in the foreign market?

A. Yes, that was my main

business, of course.

Q. You said, Mr. Fletcher, you thought you had

seen in February of this year the material similar

to the plain which is part of exhibit 146. What was

the procedure which is part of the same exhibit?

A. I don't remember this.

Q. You don't remember ever having seen that?

A. No, not personally.

Q. To that extent you were out of touch with

was going on in January when you were away?

A. Yes, I don't know yet that it is a case

of kind made in Canada.

Q. Yes, it has been filed and removed.

A. Yes, I don't know to what extent it is

that, I don't know.

A. Yes, I don't know.

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Q. I just asked you to the extent of this brocaded material which is part of this exhibit, you had not known it was made in Canada; is that right?

A. The brocade, yes.

Q. So when you told my friend that in that \$2,251 of the 27 inch Japanese brocaded rayon taffeta, when you told my friend that was of a class or kind not made in Canada you were basing that on the fact that you had not seen --

A. Quite.

Q. --similar goods made here? A. Right.

MR. McRUER: Is that not a ruling of the customs department too?

BY MR. KELLOCK: Q. I don't know whether you told my friend or told his lordship in answer to my friend of what the \$251 consisted of? Did you give my friend the details of the kind of fabric that was?

A. The \$251 --

Q. Oh, I think you did. You said that was made up of Japanese habutaes and spun silk goods, I think you did.

A. Pardon me --

Q. You told my friend also, Mr. Fletcher, that you, that is the Robert Simpson Company, had considered buying Japanese goods and had gone into the question?

A. Yes, we did.

Q. Was that this year? A. Yes.

Q. Since your return? A. Yes.

Q. And you said that most of the samples submitted to you this year were of an inferior quality; is that right? A. They were either qualities that we did not wish to handle because they were too

Q. I am asking you to the extent of this process

material which is part of this exhibit, you had not

known it was made in Canada; is that right?

A. The evidence, yes.

Q. So when you told at that time in that

testimony of the 17 inch Japanese process that you had not

known you told my friend that was of a class or kind

not made in Canada you were leaving that on the fact

that you had not seen --

A. Right. --

Q. Now, is that not a ruling of the evidence

that you had not seen --

A. Yes, I don't know whether you had

my friend or not had knowledge in answer to my friend

of that the fact connected it with you and the fact

the details of the kind of things that were

A. The fact --

Q. Now, I think you said --

up of Japanese factories and that all kinds of things

you did.

Q. You told my friend also, Mr. Fletcher,

that you, that is the Robert Dryce Company, had

considered buying Japanese goods and had gone into

the question?

A. Yes, we did.

Q. Now, this is --

A. Yes.

Q. Now, you said that some of the people among

your friends were of an inferior quality; is

that right?

cheap, too many imperfections or they were made in a width that we did not wish to buy.

Q. What width was that?

A. In the 27

inch width, and the quantities required to make the wider width were too big for us to consider.

Q. Are you speaking now of rayon goods?

A. Speaking of all classes of goods.

Q. Rayons and cottons?

A. Well the rayons

on rayons you can get the wider width, of course, but particularly in the samples of cottons that we saw --

Q. It was the cotton samples you saw that were in the narrower widths?

A. Practically all the

cotton samples we saw.

Q. Then, you had no objection to the rayon samples from the standpoint of width?

A. In some

cases, yes. We had scores of samples and I would say the majority of them were quoted in the narrower width.

Q. That is rayon samples?

A. Yes.

Q. Well, you said you could get the wider widths?

A. I don't doubt you can. I believe they have looms to make the wider width and would make it for you providing you wished to place orders.

Q. I am just asking you, Mr. Fletcher, is that something you were told when you were shown the samples or is that something that you just more or less have observed? Were you shown any wider samples than 27 inches?

A. We may have been shown some.

I don't just remember.

Q. Who was it that was showing you these samples?

A. We have seen them from various sources.

a wish that we did not wish to buy.

4. 11. 1941 11. 11. 1941

3. Speaking of all classes of goods.

.. Anyone and everyone? .. A. Well the people

particularly in the samples of cottons that we saw.

Q. It was the cotton samples you saw that were

• Then, you had no objection to the travel ban

The majority of them were quoted in the newspaper this

• That is your sample? A. Yes.

.. Well, you said you could get the wider with

... I don't doubt you can. I believe they have found

providing you wished to place orders.

I am just asking you, Mr. Fletcher, is this

Q. Who?

A. We have seen them from Fisher and we have seen them from direct representatives from Japan.

5 Q. I see, and did you explain that you were not interested in narrower widths? I am speaking now of rayon particularly.

A. That we were not interested?

Q. Yes.

A. Yes, we bought the narrower width, we bought the 27 inch.

Q. Pardon?

A. We have purchased the 27 inch.

10 Those figures I was giving you were for the majority 27 inch.

Q. I think you said that was the objection to the samples?

A. It was in the cottons.

Q. No, in the rayons?

A. The rayons we can use.

15

Q. Then, it was no objection in the rayons and you bought?

A. Right.

Q. Did you want the wider widths in the rayons too?

A. We have used the narrower width in the Japanese. We are buying, of course, Canadian qualities in the wider.

20

Q. I am speaking about these samples; did you want the wider widths in the rayons as well?

A. No, I don't know that we did.

25

Q. You were quite satisfied with what was shown you in the narrower widths. Then, coming to the cotton goods you say you were not interested in the narrower widths?

A. Right.

Q. Were you for anything in the wider widths?

30

A. Yes, but the quantities required for the making of the wider widths were so large that we could not

Q. Yes.

A. Yes.

Q. Yes.

A. We have seen them from the river.

Q. We have seen them from the river. Is that correct?

A. Yes.

Q. I see, and did you explain that you were not

interested in the river? I am speaking now of

A. That we were not interested.

A. Yes, we found the river.

Q. Yes, we found the river.

A. We have purchased the river.

Q. Those figures I was giving you were for the river.

A. Yes.

Q. I think you said that was the objection to the

A. It was in the country.

A. No, in the country.

Q. Then, it was no objection in the country and

A. Right.

Q. Did you want the river within in the river?

A. We have used the river within in the river.

Q. We are buying, of course, Canadian properties in the

A. Yes.

Q. I am speaking about these samples; did you

want the river within in the river as well?

A. No, I don't know that.

Q. Did you want the river within in the river?

A. Yes, in the river within in the river.

Q. Good, you say you were not interested in the river?

A. Right.

Q. There was no thing in the river within?

A. Yes, but the properties remained for the river.

Q. The river within were so large that we could not

consider them.

Q. You could not consider them? A. Very few of the cloths were of interest anyway.

Q. Pardon? A. Very few of the cloths were of interest anyway.

Q. Why not? A. Not the type of goods that we felt we could sell profitably.

Q. Pardon? A. Not the type of goods that we felt we could sell profitably, not the type that we felt the public wanted.

Q. What type were they? A. In most cases very cheap cloths and not the patterns and prints that we would consider suitable for the Canadian market.

Q. Why not? A. The design, a matter of design and colour.

Q. Will you look at Exhibit 400, Mr. Fletcher --

THE COMMISSIONER: What is the number?

MR. KELLOCK: 400, my lord. Were you shown any samples like those? Perhaps you don't need to go through them all.

MR. McRUER: Yes, go through them.

MR. KELLOCK: Very well. A. I don't pose as a textile expert.

THE COMMISSIONER: What is that?

MR. KELLOCK: He says he does not pose as a textile expert, my lord. What is your experience, Mr.

Fletcher? A. I have been associated with the textiles, of course, for a good many years.

Q. You could not consider them
of the class were of interest anyway.

A. Yes, I could not consider them

Q. Why not?

A. Not the type of goods

that we felt we could sell profitably.

Q. Not the type of goods that

we felt we could sell profitably, not the type that

we felt the public wanted.

Q. What type were they?

A. In most cases

that we would consider suitable for the Canadian

market.

Q. Why not?

A. The dealer, a matter of

design and colour.

Q. Will you look at Exhibit A-1, Mr. Fletcher?

A. Yes, I will. What is the number?

Q. 100, by law. Were you there, and

examples like those? Perhaps you don't need to go

through them all.

Q. Yes, go through them.

A. Yes, I will.

Q. What is that?

A. That is your experience, Mr.

Fletcher?

A. I have been associated

the textile, of course, for a good many years.

Q. Speak up so his lordship will hear you.

A. I say I have been associated with textiles for a good many years but I had an interest in other sections of the business also.

5 Q. Before you went to England what were you doing?

A. I was associated with the ready to wear department.

BY THE COMMISSIONER: Q. With what? A. The ready to wear.

BY MR. KELLOCK: Q. You mean selling by retail?

10 A. Yes, retail.

Q. Do you mean dresses? A. Coats, dresses.

Q. How many years? A. Oh, about 12x years.

Q. You were taken out of the retail selling of coats and dresses and went to England; is that right?

15 A. I joined the company in England, joined the Robert Simpson company in England, and was associated with this department prior to going there in the United States.

20 Q. I don't quite understand; you say you joined the Robert Simpson Company in England? A. Yes.

Q. In what capacity? A. As assistant to the manager there.

Q. When was that? A. About eight years ago.

25 Q. Your experience in selling coats and dresses you acquired in England before that time? A. No, in the States.

Q. In the United States, I see.

(page 6730 follows)

Q. Speak up so his foreign will hear you.

A. I say I have been associated with textiles for

of the business also.

Q. Before you went to England what were you doing?

A. I was associated with the ready to wear department

BY THE COURT: Q. With what?

to wear.

BY MR. KELLOCK: Q. You mean selling by retail?

A. Yes, retail.

Q. To you mean dresscoat?

A. Coats, dresses.

Q. You were taken out of the retail selling of

coats and dresses and went to England; is that right?

A. I joined the company in England, joined the company

this department prior to going there in the United

States.

Q. I don't quite understand: You say you joined

the company in England?

A. Yes.

Q. In what capacity?

A. As assistant to the

manager there.

Q. About eight years ago.

A. Yes, I was in selling coats and dresses

for several years before that time.

A. No, I

the States.

Q. In the United States?

A. Yes, I was

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THE COMMISSIONER: Your question has not been answered yet, whether he saw samples similar to those.

MR. KELLOCK: Yes, my lord, if I might just complete that last reference.

5 Q. What were your duties in England while you were in the employ of the Simpson Company? A. I was covering the markets in the interests of most of the departments that were buying in the European markets.

10 Q. What do you mean by covering the markets? Were you buying yourself? A. Some buying, and working with the buyers, assisting the buyers when they came over.

15 Q. What were you buying? A. Anything we might have enquiry for.

Q. Anything at all? A. Yes.

20 Q. So your duties were pretty general, and, as you say, you are not a textile expert? A. No.

Q. Are you able to express an opinion, Mr. Fletcher, as to the quality of the merchandise shown in Exhibit 400? A. Yes. I will say it was pretty fair quality.

25 Q. And were you shown any such samples as that this year by anybody offering to sell Japanese goods? A. One or two of the qualities there we saw, yes, we saw similar qualities.

30 Q. Which were they? A. No. 7, I think we saw.

Q. No. 7? A. Yes.

THE COMMISSIONER: Your question has not been
answered yet, whether he saw samples similar to those
Mr. KILGORE: Yes, my lord, if I might just
...
... these were your duties in England while you
were in the employ of the Japanese Company? A. I
was covering the markets in the interests of most of
the Japanese that were buying in the European
...
... what do you mean by covering the markets?
...
... and working with the buyers, assisting the buyers
when they come over.
... that were you buying? ... anything we might
have enquiry for.
... anything at all? A. Yes.
... do your duties were pretty general, and
as you say, you are not a textile expert? A. No.
... the quality of the merchandise
shown in Exhibit 400? A. Yes. I will say it
was pretty fair quality.
... and were you shown any such samples as that
this year by anybody offering to sell Japanese
goods? A. One or two of the qualities there
we saw, yes, we saw similar qualities.
... which were they? A. No. 7, I think we saw
... A. Yes.

Q. That others? A. No. 11. Not necessarily
in the same printing but the same cloth.

Q. No. 11? What else? A. No. 12.

Q. No. 12? A. Yes, 18.

Q. 18? A. Yes.

Q. And did you buy any of these qualities? A. No.

Q. What was the trouble was the price not right?

A. They would not be competitive, we figured with the
Canadian production.

Q. Why not?

THE COMMISSIONER: I did not hear a word of that.

THE WITNESS: It would not be competitive with
the Canadian production.

BY MR. KELLOCK: Q. Why not, Mr. Fletcher?

A. According to the quotations that we had, and our
figures of the landed costs, they would be too high
in price.

Q. It was a matter of price then, was it?

It was from the standpoint of price that you say they
would not be competitive? A. Price, of the
samples we saw, and the design.

Q. Price and design? A. They were not

designs that we would wish.

Q. I see. Well, I suppose the matter of design
is subject to change, but the prices were quoted?

A. For those particular samples.

Q. Yes, seven, twelve and eighteen? A. That I
cannot answer, I don't know.

Q. And did you buy any of these quilts? A. No. 11. Not these.
Q. What was the trouble was the price not right?
A. They would not be competitive, as figured with the
Canadian production.
Q. Why not?
A. THE COMMISSIONER: I did not hear a word of that.
THE WITNESS: It would not be competitive with
the Canadian production.
Q. According to the quotations that we had, and our
knowledge of the market here, they would be very
in price.
Q. It was a matter of price then, was it?
A. Yes, the matter of price and you say that
would not be competitive?
A. Price, of the
samples we saw, and the design.
Q. Price and design?
A. They were not
designs that we would wish.
Q. I see. Well, I suppose the matter of design
is subject to change, but the prices were quoted?
A. Yes, they were quoted.
Q. And the prices were quoted?
A. Yes, they were quoted.

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8732

Fletcher

Q. And you have no idea what they were? A. No.

.And do you know what the comparative Canadian costs were quoted to you for similar materials?

A. We had the samples together.

Q. You had them together? A. Yes.

Q. And how long ago was that? A. We had been looking at samples from that market ever since I came to be associated with Textiles directly.

Q. You are not answering my question. I am asking you how long ago it was you saw samples similar? A. I cannot just say what date they came.

Q. Was it this year? A. Yes.

Q. A few months ago? A. Yes.

Q. And were you given any indication that the price would be changed later, that you would be given other quotations? A. No.

Q. Were you ever told later that you would not get quotations while this Commission was sitting?

A. No, we got quotations.

Q. You were not told that? A. No.

Q. I just want to know whether you heard that or not? A. No.

BY THE COMMISSIONER: Q. Well, have you had quotations recently?

BY MR. KELLOCK: Q. Recently, have you had quotations? A. We have had samples direct from Japan this past week. I think they arrived two weeks

Witness 6732

Q. And you have no idea what they were?
A. No.
Q. And do you know what the comparative Canadian

costs were quoted to you for similar materials?
A. I had the samples together.
Q. You had them together?
A. Yes.

Q. And how long ago was that? A. We had been
looking at samples from that country some time.
Q. And how long ago was that?
A. We had been
looking at samples from that country some time.
Q. And how long ago was that?
A. We had been
looking at samples from that country some time.

Q. And how long ago was that?
A. We had been
looking at samples from that country some time.
Q. And how long ago was that?
A. We had been
looking at samples from that country some time.

Q. And how long ago was that?
A. We had been
looking at samples from that country some time.
Q. And how long ago was that?
A. We had been
looking at samples from that country some time.

Q. And how long ago was that?
A. We had been
looking at samples from that country some time.
Q. And how long ago was that?
A. We had been
looking at samples from that country some time.

Q. And how long ago was that?
A. We had been
looking at samples from that country some time.
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A. We had been
looking at samples from that country some time.

Q. And how long ago was that?
A. We had been
looking at samples from that country some time.
Q. And how long ago was that?
A. We had been
looking at samples from that country some time.

Q. And how long ago was that?
A. We had been
looking at samples from that country some time.
Q. And how long ago was that?
A. We had been
looking at samples from that country some time.

Q. And how long ago was that?
A. We had been
looking at samples from that country some time.
Q. And how long ago was that?
A. We had been
looking at samples from that country some time.

6733

Fletcher

ago.

Q. Did you write for them?

A. Yes.

Q. When did you write?

A. I wrote for them

directly after I arrived here.

Q. That would be some time in January?

A. Yes.

Q. You say they just arrived last week?

A. That

is correct.

Q. And what kind of samples were they?

A. Samples

of rayon.

Q. What kind of rayon?

A. Some printed

rayons, plain rayons, cottons.

Q. I see?

A. And printed cottons.

Q. You have not got them with you, have you?

A. I have a few samples with me, but it is a very small proportion of what we have seen and what we had submitted.

Q. Have you had an opportunity to consider those samples that you have just received?

A. Yes.

Q. And have you made any purchases?

A. No.

Q. What action did you take with regard to them?

A. We are not taking any.

Q. What is the trouble, the matter of price?

A. In most cases, not suitable for our requirements, or the landed cost too high.

Q. On what ground are they not suitable for your requirements, the matter of design again?

A. Either design or cheap goods, with a lot of imperfections so that we would not consider buying them.

.. Did you write for them? .. Yes.

.. When did you write? .. I wrote for them

directly after I arrived here.

.. That would be some time in January? .. Yes.

.. You say they just arrived last week? .. Yes.

is correct.

.. And what if of samples were they? .. Samples

of rayon.

.. What kind of rayon? .. Some printed

rayon, some printed, some

.. I see? .. And printed cottons.

.. You have not seen any of these yet?

.. I have a few samples with me, but it is a very

small proportion of what we have seen and what we had

submitted.

.. Have you had an opportunity to consider these

samples that you have just received? .. Yes.

.. And have you made any purchases? .. No.

.. What action did you take with regard to them?

.. We are not taking any.

.. What is the trouble, the matter of prices?

.. In some cases, not suitable for our requirements.

.. We are looking for the right

.. On what grounds are they not suitable for your

requirements, are they of inferior quality? .. Yes.

.. They are of inferior quality, with a lot of imperfections

.. We may be of the same quality but not the same

6734

Fletcher

Q. So that these samples you got directly from Japan are not suitable for your requirements at all, or else the prices that you have been quoted this last week are not competitive? A. Not the prices we have been quoted this last week; the samples came direct from Japan. Prices were quoted at the time the samples were sent from Japan.

Q. I am not sure that I follow you there?

A. The samples were sent direct from Japan, so that these quotations, were, of necessity made earlier. They were made at the time of dispatch, not last week.

BY THE COMMISSIONER: Q. When was the time of dispatch? A. It would be probably in April.

BY MR. KELLOCK: Q. In April? A. Yes.

Q. So that you have not been offered anything recently? A. No.

Q. You were telling your Lordship, in answer to my friend, of certain impressions which you had gathered from conversations over on the other side. I suppose your conversations or dealings were mostly with manufacturers and exporters, were they?

A. Yes.

Q. And I suppose it is obvious, that a tariff in a country where they want to sell to is not very popular with British exporters or manufacturers?

A. That is right.

Q. You found that? A. Right.

Q. And that is what you are speaking about, that

1934

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1934

1934

No that these samples you got directly from

Japanese not reliable for your requirements as it

or else the reason that you have been quoted this

last week and not competitive? ... of the reason

we have been quoted this last week; the samples were

direct from Japan. ... were quoted at the time

the samples were sent from Japan.

I am not sure that I follow you there

... the samples were sent from Japan, as that

these goods, sent, at necessity with ...

they are sent at the time of shipment, and have been

... the time of

... it would be probably in April.

... In April

No that you have not been offered anything

...

... you were telling me this morning, in answer

... of certain Japanese which you had

... on the other side.

I suppose your conversations in dealings were mostly

... were they?

...

... a tariff

... they want to sell to is not very

...

...

...

...

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is what they were complaining to you about, that particular reference to Canada? A. Right.

Q. Have you discussed the same subject matter with reference to other countries? A. Yes.

5 Q. And their viewpoint was the same, was it? A. Quite.

Q. And did you happen to know when you were having these conversations with British exporters that the British exports of cotton goods in the last few years have been increasing very largely.

10 Q. Did you tell them about that? A. I beg your pardon?

Q. I say, in discussing that situation with the British exporters did you point out to them that the British exports of cotton goods to this country in the last few years had largely expanded, or did you know that? A. That they had largely expanded?

15 Q. Yes.

20 MR. McRUER: Expanded over what?

BY MR. KELLOCK: Q. Over what they had previously been.

MR. McRUER: Over what they were in 1922-23-29?

25 MR. KELLOCK: Yes.

Q. Did you know that? A. No, I did not.

Q. Then you did not discuss it?

THE COMMISSIONER: Well, does he know it now?

30 BY MR. KELLOCK: Q. Do you know it now? A. No.

MR. KELLOCK: I have the figures in my hand,

is that they were complaining to you about that

particular reference to Canada? A. Right.

Q. Have you discussed the same subject matter with

reference to other countries? A. Yes.

Q. And their viewpoint was the same.

A. Yes.

Q. And did you happen to know when you were

the British exports of cotton goods in the last

few years have been increasing very rapidly.

Q. And you tell them about that? A. I do.

Q. I say, in the question that was asked after the

British exports did you point out to them that the

British exports of cotton goods to this country

in the last few years had largely expanded, or did

you know that? A. That they had largely expanded?

A. Yes.

Q. Now, expanded over what?

A. Over what they were in 1938-39.

Q. Yes.

Q. Now, over what they were in 1938-39?

A. Yes.

Q. Did you know that? A. No, I did not.

Q. Then you did not discover it?

A. Well, does he know it now?

Q. I am not sure if he knows it or not.

6736

Fletcher

but if the witness does not know it does not matter,
my lord.

5 THE WITNESS: My conversations were with
manufacturers of textiles of all descriptions, not
just cotton manufacturers. The chief complainers
were, of course, the artificial silk manufacturers.

10 BY MR. KELLOCK: Q. Mr. Fletcher, I am producing
to you what appears to be the advertisement of your
Company in the Toronto Star of the 14th January, 1936,
and I see that you are advertising there "Brocaded
Japanese taffeta, 45 cent quality." What goods
are they? A. Well, I wasn't here at that time.
I was away in Europe in January.

15 THE COMMISSIONER: What is the date of that?

MR. KELLOCK: 14th of January last, my lord.

Q. You say you were not here? A. I was in Europe
at that time.

20 Q. I know, but then when you came out here you
made enquiries as to what has been going on?

A. No, I don't recollect making any enquiries with
regard to that particular offering at all.

25 Q. You see the article says: "Crisp, lustrous
art-silk taffeta, brocaded in florals, makes especially
smart cushions, bedspreads and comforters. This is
a quality sold every day at 45 cents." Now, does
not that bring anything to your mind? It is
30 advertised at 29 cents that particular day, regularly
45. Can you tell his Lordship what those goods are?

but if the witness does not know it does not matter,

THE WITNESS: My conversation was with
manufacturers of textiles & all descriptions, not
were, of course, the artificial silk manufacturers.

BY MR. BRYDIE: Mr. Fletcher, I am referring
to you what appears to be the advertisement of your
Company in the Toronto Star of the 14th January, 1933
and I see that you are advertising there "Imitated
Japanese tafeta, 45 cent quality." That goods
are they? A. Well, I wasn't here at that time.
I was away in Europe in January.

THE COMMISSIONER: What is the date of that?
MR. BRYDIE: 14th of January last, my lord.
A. You say you were not here? A. I was in Europe
at that time.

A. I know, but then when you came out here you
made enquiries as to what has been going on?
A. Well, I don't remember making any enquiries with
regard to that particular offering at all.

A. You see the article says: "Cheap, fastidious
art-silk tafeta, imitated in flairs, makes especially
smart cushions, bedspreads and coverlets. This is
a quality sold every day at 45 cents." Now, does
not that bring anything to your mind? It is

advertised at 45 cents that particular day, regularly
and you will see the date that that was said

A. No, I cannot, I am not familiar with the offering at all.

5 Q. Then can you help us with this. I am showing you the Toronto Star of the 18th of January last, and there is an advertisement here of "27-inch plain and brocaded taffeta, 5,000 yards of this ever popular material for drapes, cushions, bed-spreads, etc.... 25 cents."

10 Q. What would that be? A. Well, that was in January last. I was not here.

Q. And you haven't any knowledge at all of what that is? A. No.

15 THE COMMISSIONER: Do you mean whether it is Japanese? I don't understand.

MR. KELLOCK: My question was as to the particular kind. I was assuming it was Japanese. The first one is Japanese.

Q. Is this one also Japanese, Mr. Fletcher?

20 A. Tell, I am not familiar with that offering. I was not here at that time.

Q. Then you cannot help us at all with that?

A. I am sorry, I cannot.

25 Q. That is one of the things you did not enquire about when you got back? A. No, I did not.

MR. KELLOCK: All right, thank you.

RE-EXAMINATION

30 BY MR. McRUER:

Q. Apparently you have had quotations from

A. No, I cannot, I am not familiar with the offering at all.

... Then can you help me with this. I am looking for the Toronto Star of the 12th of January last, and this is an advertisement out here of "BY-IND" plates and products. 10,000 copies of this ever popular material.

For glasses, cushions, bed-springs, etc.... 35 cents. What would that be? Last, I was not here.

... And you haven't any knowledge at all of what the A. No. This is the same as you mean earlier is it?

... My question was as to the production. I was assuming it was Japanese. The first one is Japanese.

... Is this one also Japanese, Mr. Widdowson? A. Well, I am not familiar with that offering. I was not here at that time.

... Then you cannot help us at all with this? A. I am sorry, I cannot. That is one of the things you did not explain.

... About when you got back? A. No, I did not. Widdowson: All right, thank you.

different sources on Japanese goods since you came back in January? A. That is correct.

5 Q. Yes. So that it is safe to say, that since the 1st of January you have had quotations on Japanese goods from many different sources? A. Right.

10 Q. And I suppose, that if you could purchase Japanese goods to market them advantageously in commercial quantities in the market you were prepared to do it? A. Quite.

Q. You were in the business to buy and sell piece goods? A. Quite.

15 Q. And you were ready to buy and sell from anybody that you could buy continually from? A. Quite.

Q. Being in that position, and having had quotations from many different sources, is it correct to say, that those that you have told us about are the only ones that you could find you could handle profitably in the business? A. That is correct.

20 Q. That is correct? A. Yes.

25 Q. And there has been a suggestion made here yesterday that the Japanese were not quoting in this market because this Commission has been sitting.

You told us that you have had quotations direct from Japan arriving during the last week, and having been sent from there, you would figure, some time in April?

A. I should think about that time.

30 Q. And would it be safe to say, that the quotations you had were on quite a generous line of goods?

by Mr. [unclear]

different sources of Japanese goods since you came

back in January? A. That is correct.

. Yes. We had it in [unclear] at that time.

the month of January you have not mentioned on the

goods from many different sources? A. Yes.

. And I suppose, that if you could purchase

Japanese goods it would then advantageously in

commercial quantities in the market you were proposed

to do it? A. Yes.

. You were in the business to buy and sell [unclear]

goods? A. Yes.

. And you were ready to buy and sell from [unclear]

and you could buy continuously from [unclear] A. Yes.

. And in that position, and having a [unclear]

from many different sources, is it correct to say,

that those that you have told us about are the only

ones that you could find you could handle profitably

in the business? A. That is correct.

. That is correct? A. Yes.

. And there has been a [unclear] since then

whether that the Japanese were not doing in this

business because this Commission has been [unclear]

you told us that you have had [unclear] and direct from

from there, you would figure, some time in [unclear]

. I think it is [unclear]

. And it is no more to say, that the [unclear]

the [unclear] [unclear]

6739

Fletcher,

A. Oh yes, I saw many samples.

Q. Many samples? A. Yes.

Q. And you have gone over those samples?

A. Yes.

Q. And is it correct to say, that you have not found it commercially profitable to place orders on any of them? A. That is right.

Q. And you say, that there are two different matters entering into them - one, that the landed cost is too high when you calculate the duties and expense of bringing them here? A. Yes.

Q. And the other is that they, in many respects, are not suitable for this market? A. Yes, they are not qualities that ---

Q. They are of inferior quality? A. Yes, a great many of them very inferior in quality.

Q. Now, what do you say as to whether or not, even though landed costs may be the same on two articles, one competing with the other, that there is any or that there is not an advantage of buying in the Canadian market on account of the facility of delivery?

A. Oh, definitely a definite advantage, of course, to place in the home market.

BY THE COMMISSIONER: Q. Please repeat that. I did not hear it at all? A. There is a definite advantage, from our point of view, to place the business in the home market.

BY . MCKEN: On account of facility of delivery?

Witness,

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Q. Now, what do you say as to whether or not,

A. Yes, they are not suitable for this market?

Q. And you have seen over these markets?

A. Yes.

Q. And is it correct to say, that you have not

found it commercially profitable to place orders on

of them? A. That is right.

Q. And you say, that there are two different

entering into them - one, that the landed cost is to

high when you calculate the duties and expense of

bringing them here? A. Yes.

Q. And the other is that they, in many respects,

are not suitable for this market? A. Yes, they

are not qualities that ---

Q. They are of inferior quality?

A. Yes, many of them very inferior in quality.

Q. Now, what do you say as to whether or not,

even though landed costs may be the same on two articles

one competing with the other, that there is any of

that there is not an advantage or disadvantage in the quality

market on account of the facility of delivery?

A. Yes, definitely a definite advantage, of course,

to place in the home market.

Q. BY THE COURT, I want to please repeat that. I

ask you to repeat that. A. There is a definite

advantage, from our point of view, to place the

goods in the home market.

Q. Now, what do you say as to whether or not,

6740

Fletcher,

A. Quite.

Q. That is, you can get them quickly, you can replenish by a long-distance call?

A. Yes.

Q. And have them on hand immediately? A. Right.

Q. That is, if a line goes well? A. Right.

Q. And if they have not gone well then you have not a big lot on your hands, do not need to place large orders to start with to see how they work?

A. That is correct.

Q. Now, even if the Japanese goods may be lower, is it an advantage to pay a higher price in the home market for the sake of getting the advantages that come with immediate delivery, and these other matters that enter into it? A. Quite.

Q. And in regard to goods that are consumed in the Canadian market, is it not a fact that we pay a higher price for them for the sake of immediate delivery and facility of handling in that way?

A. Oh, very often we feel it is an advantage to do that.

THE COMMISSIONER: I cannot hear you.

THE WITNESS: I say, many times we feel it is an advantage to do that, to pay the higher price.

Q. Does that mean that you sell at a higher price as well?

BY MR. McIVER: Q. Does that mean that you were selling them at a higher price?

That is, you can get them cheaply, you can
reparation by a long-distance call?
.. and have them on hand immediately?
.. That is, if a time goes well?
.. And if they have not gone well then you have
not a big lot on your hands, do not need to place
large orders to start with to see how they work?
.. That is correct.
.. Now, even if the Japanese goods may be lower,
is it an advantage to pay a higher price in the home
country for the sake of getting the advantages that
come with immediate delivery, and these other matters
that enter into it?
.. And in regard to goods that are consumed
in the Canadian market, is it not a fact that we
pay a higher price for them for the sake of immediate
delivery and facility of handling in that way?
.. The Commissioner: I cannot hear you.
THE ALDERMAN: I say, many times we feel it is
an advantage to do that, to pay the higher price.
.. Does that mean that you sell at a higher price
than you would if you had the goods on hand?
.. Yes, that is the case.

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1. That depends entirely on the article and the margin there is in it.

THE COMMISSIONER: That is no answer to my question.

MR. McRUER: A. If you pay a higher price to the Canadian manufacturer than you could import the goods at, but you pay the higher price for the convenience of delivery and all that goes with it, would you sell the Canadian goods at a higher price than you would have sold the imported? A. On the average I would say, no because our market on imported goods is higher than on the Canadian goods.

Q. Why do you have to pay a higher mark up on imported goods or do you have to have a higher mark up on imported goods than Canadian goods? A.

Well, usually they are of a kind that you are not running into competition with and on account of the small market that you have to take on some domestic lines because of competition, you naturally even it up by taking longer market upon the imported.

Q. Well, now, what do you say as to the convenience of dealing with Japan on goods as distinct, we will say, with dealing with a company located in Valley-field? A. Why, I should say there would be many disadvantages dealing with Japan.

Q. Well, some of them? A. The distance of the market, first; second, I would say the un

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than you would have sold the imported?
the average I would say. In general the
on imported goods is higher than on the Canadian
goods.

It is the policy of the Government to provide for the health and safety of the people of the United States. The Government is committed to the highest standards of health and safety for all Americans. The Government is committed to the highest standards of health and safety for all Americans.

... well, some of them
at the moment, I would not say

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Fletcher

uncertainty of the quality that you received, there is doubt generally in the mind of the buyer that he is going to receive exactly what he sees in the sample.

Q. And can you buy these Japanese goods in the same quantities as you can buy domestically - do they quote them in the same quantities? A. The yardage that they require except on something that they have going through the looms, the quantity they require are outside our reach entirely; very large quantities that they ask.

Q. Unless you take staples goods that are going through their looms, the yardage they require to put through anything special is outside your reach altogether? A. Yes.

Q. And then on the quotations on goods that are going through the looms do they quote you on any quantity you want to have on those? A. Yes, you can buy those in quantities you require.

Q. Now, have you had any experience in the American market during the last year - have you had anything to do with this? A. We visit the American market.

Q. Can you tell me whether they are selling Japanese rayon goods in the United States?

A. I am not familiar with that situation.

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... of the quality that you see, there
is doubt generally in the mind of the buyer that
he is going to receive exactly what he sees in the

... and can you pay these Japanese goods in the
same quantities as you can pay domestically - do

... that they require exact on something that
they have been accustomed to, and quality
regards are outside our reach entirely; very large
quantities that they get.

... unless you take staples goods that are
going through their looms, the package they require
to put through anything special is outside your reach

... And then on the quotations on goods that
are going through the looms do they quote you on
any quantity you want to have on those?
A. Yes.
You can pay these in quantities you see.

... Now, have you had any experience in the
American market during the last year - have you
had anything to do with this.

... left the American market.

... Can you tell me what they are selling
in some rayon goods in the United States?
... I am not familiar with that situation.

BY MR. KELLOCK:

Q. Mr. Fletcher, referring to these quotations that you referred to as having been received by you recently they are, I understood you, samples and quotations which you yourself had asked for?

A. Right.

Q. Now, you said there was some of them - that is, some of the samples that you regarded the price as too high, is that right?

A. Yes.

Q. Can you tell me what they are, please?

A. Printed rayons, cotton prints.

Q. Well, what I would like to get from you is the kind of cloth and the price that you regarded as too high?

A. I cannot give you those from memory.

Q. But you have them?

A. Yes.

Q. Could you furnish them, get them for me?

A. I have a few samples here.

Q. It is not a few, I would like to get what you are basing that information on. Could you get that information for the Commission?

MR. McIVER: Make up quotations and landed cost and cost to your--

THE WITNESS: I can only give you approximate landed cost.

MR. KELLOCK: Q. I would like to get these samples that you say the price was too high and price you were quoted?

A. You wish to

IT IS THE

Mr. Fletcher, referring to these photographs
that you referred to as having been received by you
recently that is, I understood you, samples and
photographs which you yourself had taken from
Right.

Now, you said there was some of them - that
is, some of the samples that you received the price
as the price, is that right?

Yes, that is right.
Well, what I would like to get from you is

the kind of cloth and the price that you requested
the kind of cloth and the price that you requested

That you have them?
I have a few samples here.

It is not a few, I would like to get what
you are having that information on. Could you
get that information for the Commission?

Yes, I have a few samples here.
and sent to you--

Yes, I can only give you approximately
the kind of cloth and the price that you requested
samples that you say the price was too high and

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Fletcher

see the samples? A great many of them I have thrown away. We may have quite a number around still but a great many of them thrown away as of no further interest.

Q. I want you to do this: I want you to pick out the articles that you say you regarded the prices too high. If you have the sample will you furnish it and if you have not sample will you give me description of the goods? A. Yes.

MR. McRUER: What I suggest you do that you make up a statement of anything that you have, with samples of the goods, price quoted to you, landed cost here, with duties and transport and excise and all that added to it and then any note you wish to make as to why you consider that too high for that particular fabric? A. It is difficult to give landed cost because you first must ascertain what the home consumption price is before you can be assured you are going to land it. In some cases they may be quoting lower than their home consumption price.

MR. KELLOCK: What I am interested in, aside--

THE COMMISSIONER: No use having two different exhibits as long as the one contains all you want and added thereto what Mr. Mcruer wants. You want to know the articles which he considers too dear?

MR. KELLOCK: Yes. If it is all included in the one exhibit, if the witness will indicate those

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Q. Now, I am going to ask you to go back to the article that you say was inserted in the paper, and see if you can find any other articles that were inserted in the paper at the same time.

A. Yes, I am going to do this. I am going to go back to the article that you say was inserted in the paper, and see if you can find any other articles that were inserted in the paper at the same time.

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A. Yes, I am going to do this. I am going to go back to the article that you say was inserted in the paper, and see if you can find any other articles that were inserted in the paper at the same time.

particular ones I am interested in.

THE COMMISSIONER: Q. You understand that?

A. Quite.

THOMAS F. McMAHON, sworn,

EXAMINED BY MR. McRUER:

Q. Mr. McMahon, where do you live? A. I live in Providence, Rhode Island, my office in New York City.

Q. What is your occupation? A. President, United Textile Workers of America affiliated with the American Federation of Labour.

BY THE COMMISSIONER: Q. President of? A. United Textile Workers of America.

Q. Affiliated with what? A. The American Federation of Labour.

Q. It is in New York your office is? A. My office is in New York, 605 Bible House, New York City.

BY MR. McRUER: Q. What is the United Textile Workers of America? A. A labour organization chartered for the purpose of assisting, helping, and advising the workers to maintain conditions and wages so that standards of living might be maintained and home surroundings bettered.

Q. Has your organization got a considerable membership? A. We pay to the American Federation of Labour on one hundred thousand.

Q. One hundred thousand members? A. Members.

Q. Have you yourself been engaged at any time as a

Director

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particular ones I am interested in.

...

...

...

...

Q. Mr. Newman, where do you live? A. I live

in Providence, Rhode Island, my office in New York is

Q. What is your organization? A. President,

United Textile Workers of America affiliated with the

American Federation of Labor.

Q. What is your organization? A. President of

United Textile Workers of America.

Q. Affiliated with what? A. The American

Federation of Labor.

Q. Is it in New York your office is?

A. My office is in New York, 605 Fifth Avenue, New York

City.

Q. Mr. Newman, what is the United Textile

Workers of America? A. A labor organization

aiming for the improvement of working conditions and

raising the wages to maintain conditions and wages

so that standards of living might be maintained and

have improvements effected.

Q. Has your organization got a membership?

A. Yes, we have about 100,000 members.

...

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...

textile labourer? A. Yes, sir.

Q. In what capacity did you work? A. In the cotton mill, in the woollen mills, weaver, all through them, and through the finishing departments of the cotton division.

Q. Where did you work when you were working as an operator? A. Rhode Island mostly.

Q. And how long is it since you ceased to work actively as an operative in the mill? A. About 26 years ago.

Q. To your duties, take you around among the mills and workmen now, in the mills, at the present time? A. Yes, sir.

Q. Have you knowledge of the conditions of labour in the United States? A. Yes, sir.

Q. I suppose you move around among the different mills constantly? A. Mill centres.

Q. Mill centres, yes. Now, have you some knowledge of rates of wages prevailing in the United States in the cotton mills over the last few years? A. Yes, sir.

THE COMMISSIONER: What is that, Mr. McRuer, is that something new?

MR. McRUER: I am just coming to it.

Q. Now, in the year 1933 there were some marked changes took place, were there not? A. Yes, sir.

Q. What was that? A. The establishment of what is known as the code, Textile Code number one pertaining to the cotton textile industry. Due to conditions existing in our country the action taken

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Q. In what capacity did you work?
A. Yes, sir.

Q. In what capacity did you work?

A. In the cotton mill, in the woolen mill, weaver, all of them, and through the finishing department of the cotton division.

Q. Where did you work when you were finishing?

A. Rhode Island mostly.

Q. And how long is it since you ceased to work?

A. I have been in the mill.

Q. Do you recall the year when you were among the

millers in the mill, at the present time?

A. Yes, sir.

Q. Have you knowledge of the conditions of labor in the United States?

A. Yes, sir.

Q. I suppose you have known about the different mills constantly?

A. Mill centers.

Q. Mill centers, yes. Now, have you some knowledge of rates of wages prevailing in the United States in the cotton mills over the last few years?

A. Yes, sir.

Q. What is the rate in that, Mr. McNamee, is that something new?

A. No, sir. I am just coming to it.

Q. Now, in the year 1912, were there any changes took place, were there not?

A. Yes, sir.

Q. What was that?

A. In the year 1912, the rate was changed from 12 cents to 14 cents.

Q. Is that in the woolen mill?

A. Yes, sir.

Q. And in the cotton mill?

A. Yes, sir.

Q. And in the finishing department?

A. Yes, sir.

Q. And in the weaving department?

A. Yes, sir.

through Congress had become operative after many public hearings and conferences, July 1st, 1933.

Q. What led up to the fixing of the code in the cotton industry prior to July, 1933?

A. The appeal of the manufacturers to the President to save them from destruction.

Q. I want to get the mechanics of what took place. Was there a meeting between the manufacturers and employees for the purpose of determining on the rate?

A. During the period following the inauguration of the President in March, 1933, there was immediately introduced into the House and Senate a bill known as the National Industrial Recovery Act.

Q. The National Industrial Recovery Act?

A. Yes, sir. That is code number one, that is not the act there.

Q. Have you got a copy of the act? A. I have not.

BY THE COMMISSIONER: Q. What is that? A. This is code number one.

Q. The code is under the act? A. Yes, sir.

BY MR. MCMAHON: Q. What I want to get from you is how the code was arrived at. Now, we have an act passed that provides for a code being put into effect. Now, how were the terms of the code negotiated?

A. The Manufacturers' Association of New England and the Manufacturers' Association of the Southern States agreed among themselves at the request of the Secretary of Labour, Perkins, to meet in Washington. 24 to 30 manufacturers representative of committees from both

through Congress but become operative after some public hearings and conferences, July 1st, 1935.

... What led up to the fixing of the code in the cotton industry prior to July, 1935? appeal of the manufacturers to the President to save them from destruction.

... I want to get the mechanics of what took place was there a meeting between the manufacturers and employees for the purpose of determining on the rate of the code following the inauguration of the President in March, 1935? the code was immediately introduced into the House and Senate a bill known as the National Industrial Recovery act.

... The National Industrial Recovery act? A. Yes, sir. That is code number one, that is not the act itself.

... Have you got a copy of the act? A. I have.

BY THE COMMISSIONER: What is that? A. That is code number one.

... The code is under the act? A. Yes, sir.

BY MR. McNEER: What I want to get from you is how the code was arrived at. Now, we have an act passed that provides for a code being put into effect. Now, how were the terms of the code negotiated?

... The code was negotiated by the manufacturers and employees of the Southern States and was introduced into the House and Senate as a bill known as the National Industrial Recovery act.

groups of manufacturers' associations were there.
I was requested to speak for the textile workers,
being president of the largest group or organization
within the folds of the American movement. That is
5 where we started on the way to formulate a code while
the Senators and Congressmen were discussing the
regulations pertaining to the Industrial Act.

Q. Then, as a result of your meeting together
with the manufacturers who represented both the indus-
try in the South and the industry in the North, did
10 you arrive at a basis? A. We did.

Q. Can you tell me how the figures for the
different operations were arrived at? A. Shortly
the minimum wage for the unskilled workers in the
15 industry was first arrived at and accepted by both sides.

Q. Just let me get that clear. You started off,
I take it, with the lowest strata in the industry?
A. Yes, sir.

Q. And that is the unskilled workers, and you
20 arrived at a minimum wage for the unskilled workers?
A. Yes, sir.

Q. How much was that? A. The minimum
wage arrived at after several weeks of discussion was
25 for the South \$12 per week for 40 hours --

BY THE COMMISSIONER: Q. For what? A. For 40
hours each week and \$13 per week of 40 hours for the
workers in the northern part of the country.

BY MR. McRUER: Q. Now, that is for the unskilled
30 labour? A. That is the unskilled.

I was requested to speak for the textile workers, being president of the largest group of organization within the folds of the American movement. That is where we started on the way to forming a code with the employers and Government were discussing the regulations pertaining to the Industrial Act. Then, as a result of your meeting together

with the manufacturers who represented both the industry in the South and the industry in the North, did you arrive at a basis?

A. Yes, sir.

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A. Shortly

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A. Yes, sir.

Q. And that is the unskilled workers, and you

arrived at a minimum wage for the unskilled workers?

A. Yes, sir.

Q. How much was that?

A. The minimum wage arrived at after several weeks of discussion was

for the South \$12 per week for 40 hours --

Q. And for the North?

A. For the North \$12 per week and 40 hours for the

workers in the northern part of the country.

Q. Now, that is for the unskilled?

A. That is for the unskilled.

Q. Then, what about the others, as we go up the scale through the lesser skilled hands to the best skilled hands in the industry --

5 MR. GLOFFRION: Mr. McRuer, isn't there a printed code for that?

MR. McRUER: No, I thought the same as you did, but it formulates itself.

10 THE WITNESS: There was no minimum established although we tried to have our friends, the employers, see it for the semi-skilled, skilled and super skilled as we defined the four classes of workers in our industry, the cotton division particularly.

15 BY MR. McRUER: Q. Yes. A. The establishment and the signing of the code by the president, which according to law, the National Industrial Act, must have the approval of a substantial group of employers; these employers must agree among themselves and endeavour to get the chisellers in, or the
20 employers who were cutting wages and using unfair tactics in the manufacture of cotton, of textiles, with the result that the establishment of the minima brought about a pro rata increase to the other workers in the semi-skilled, skilled and better skilled
25 divisions.

Q. I want to be clear about this. The adoption of the code that was agreed on, under the act really gave it the force of law, so to speak? A. The
30 force of law insofar as it was possible, and was law until declared invalidated.

Q. Yes, but the minimum that was established by

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up the scale through the lesser skilled hands to the
best skilled hands in the industry --
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gave it the force of law, so to speak?
.. Yes, but the minimum that was established

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law was the minimum for the least skilled in the industry?

A. Yes, sir.

Q. Then, that having been established for the least skilled the rest took care of itself and raised the mark so that the more skilled labourers got more?

A. Correct.

Q. Take for instance -- we will start off, what was the rise in wages for the unskilled class?

A. In the South we considered that the average wage, figuring 50 weeks in the year, to approximate between \$7 and \$8 per week and the raise was from approximately \$7.50 up to \$12 for the southern textile workers, and north of the Mason and Dixie Line --

BY MR. GEOFFRION: That was 50 hours there?

MR. McRUER: For 40 hours, 50 weeks.

THE WITNESS: 50 weeks out of 52. In the North the increase was not quite so large because the development of our organization was greater there than it was in the South. So that the addition to the wage envelope of the unskilled workers in the northern mills was not as large as was the addition to the unskilled workers in the Southern mills. The differential when we consider the effect of the raise for the Southern mills of the wage was approximately 70% increase in the South to 40% increase in the North, 35 to 40.

Q. Now, you said that the difference was not as great in the North as it was in the south by reason of the fact that your organization was stronger in the north than it was in the south?

A. Correct.

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law was the minimum for the least skilled in the
industry?
A. Yes, sir.

... then, that having been established for the
least skilled the next took care of itself and raising
the work so that the more skilled laborers got more.
A. Correct.

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...
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mills was not as large as was the addition to the
unskilled workers in the southern mills. The
difficulties then we consider the effect of the raise
for the southern mills of the wage was quite relatively
the increase in the South to 50% increase in the wage
\$6 to \$9.

... Now, you said that the difference was not as
great in the North as it was in the South by reason of
the fact that your organization was stronger in the
North than it was in the South?

THE COMMISSIONER: Pardon me, you better fill that in. What was the starting point in the North? You have told us \$7.50 in the South? A. That is approximately, your honour, please. In the North it was about \$9.75.

Q. That went to \$13.00? A. Yes, your honour.

BY MR. McREIN: Q. Had the fact that your organization was stronger in the North than in the South any effect on the general level of wages in the North?

A. Oh, yes, sir.

Q. In what way? What was the comparison?

A. Many skilled workers such as loom fixers, beamers, slashers, weavers, we maintained through the years, for the past 20 or 25 years, a fairly high wage. That wage naturally is relative to the quality of the product produced.

Q. I think on the table I am going to deal with shortly, I think I can deal with the comparison without any difficulty prior to the code. Before we start to deal with that table, the minimum wage for the lowest strata having been fixed you told me then that raised the mark for those in the higher categories. Did it raise it pro rata, or proportionately to the rise that had taken place for the minimum strata? A. No, sir.

Q. For instance, the unskilled workers got an increase of from \$7.50 to \$8.00, approximately, up to \$12.00? A. Yes.

THE COMMISSIONER: In the South? A. In the South.

THE UNIVERSITY OF CHICAGO PRESS

that in. 'What was the starting point in the North?

is approximately, your honour, please. In the North

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Q. And that rate was 36.00 of 36.75 net to economy

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BY MR. McRUER: Q. In the South, which was an increase of \$4.00 to \$4.50 a week per forty hour week?
A. Yes.

Q. You say that same proportion was not maintained through the higher categories? A. Correct.

Q. Then, you have a statement which you have brought with you and I have had copies made of your statement, which gives the occupation, the sex, and the rate prevailing in the North before the code came into effect? A. Yes, sir.

Q. And the rate prevailing in the North after the code came into effect? A. Yes.

Q. And the rate prevailing in the South before the code came into effect and after the code came into effect? A. Yes, sir.

Q. Now, under the column, August, 1934, we have, I take it, the rates prevailing after the code came into effect? A. Yes.

Q. Are those average rates or how are they arrived at? They were not fixed by the code?
A. No, sir.

Q. There was nothing in the code that said a loom fixer in the South had to get 50.7 cents?
A. No, sir.

Q. Well then, how were these figures arrived at for your table? A. These figures are the figures gathered by and through the Department of Labour with the government from the manufacturers in all divisions of the cotton industry.

Q. I see. A. And they are graduated accord-

BY Mr. McNamara: In the South, which was an

increase of \$4.00 to \$4.50 a week per forty hour week

A. Yes.

Q. You say that some negotiation was not main-

tained through the higher categories? A. Correct.

Q. When you have a statement which you have

brought with you and I have had copies made of your

statement, which gives the occupation, the sex, and

the rate prevailing in the North before the code

came into effect? A. Yes, sir.

Q. And the rate prevailing in the North after

the code came into effect? A. Yes.

Q. And the rate prevailing in the North before

the code came into effect and after the code came into

effect? A. Yes, sir.

Q. Now, under the column, Annual, 1934, we have,

I take it, the rates prevailing after the code came

into effect? A. Yes.

Q. Are those average rates or how are they

arrived at? They were not fixed by the code?

A. No, sir.

Q. There was nothing in the code that said

a lion fixer in the South had to get 50.5 cents?

A. No, sir.

Q. Well then, how were these figures arrived at?

A. These figures are the

figures gathered by and through the Department of

Labor with the Government from the manufacturers

in all divisions of the cotton industry.

Q. And they are graduated according to I see.

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ing to the occupations in the two districts.

Q. So if we take the first one on the list, for instance, the working foremen in the North, the rate is 68.6 cents an hour. That would be, I take it, then, the figure that was gathered by a department of the United States government as being the average figure prevailing among the manufacturers for working foremen?

A. Yes, sir.

Q. That is correct?

A. That is correct.

Q. And have you the government publication that bears this out? A. These figures are taken from there.

Q. Now, you show me what is stated to be the United States Department of Labour, Bureau of Statistics -- at least it is a publication of the United States Department of Labour, Textile Report, Part One, Wage Rates and Weekly Earnings in the Cotton Industry from July, 1933 to August, 1934. This is the second edition with minor corrections dated February 4, 1935. Have we not got this, Mr. Whiteley?

They are at Ottawa, are they?

SECRETARY WHITELEY: Yes.

MR. GEOFFRION: They are not available here. They are not available for the Commission.

MR. McRUR: Well, they have not been filed. Can you spare this copy? A. Yes, I took three copies here for you gentlemen, if you desire them, on cotton, wool and silk.

THE COMMISSIONER: You better make an exhibit of one --

ing to the organizations in the two districts.

.. so it was the first one on the list, for

instance, the working women in the north, the term is

88.6 cents an hour. What would be, I take it, that

the figure and was gathered by a department of the

United States Government as being the average figure

prevailing among the manufacturers for working women

A. Yes, sir.

.. That is correct?

A. That is correct.

.. and have you the Government statistics in that

here this only A. These figures are taken from

these.

.. Now, you show me what is stated to be the

United States Department of Labor, Bureau of

Statistics -- at least it is a publication of the

United States Department of Labor, Bureau of

But the Wage Survey and Weekly Wages in the Cotton

Industry from July, 1928 to August, 1929. This is the

second edition with minor corrections and new

A. 1929. Have we not got this, Mr. Mitchell?

They are at Chicago, are they?

..

..

They are not available for the Commission.

..

.. A. Yes, I took three

..

..

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McMahon,

MR. MORUE: Probably I better make the first exhibit the table.

THE COMMISSIONER: Yes, 441, table of earnings.

EXHIBIT NO. 441: Table of earnings.

MR. MORUE: Table of earnings. You have extra copies of these? A. These are one of each of the three large divisions of the textile industry, cotton, wool, silk and rayon.

Q. Then, I will file as exhibit 442 what is stated to be Textile Report, Part One, Wages and Weekly Earnings in the Cotton Goods Industry.

MR. KELLOCK: What is 441?

MR. MORUE: That is the table of earnings.

EXHIBIT NO. 442: Textile Report, Part One, Wages and Weekly Earnings, Cotton Goods Industry.

MR. MORUE: Then, as exhibit 443 the same thing, Wages and Weekly Earnings in the Silk and Rayon Industry, this is Part two of the Textile Report.

EXHIBIT NO. 443: Textile Report, Part Two, Wages and Weekly Earnings, Silk and Rayon Industry.

MR. MORUE: And as exhibit 444, Part Three, which deals with the Woollen and Worsted Goods Industry.

EXHIBIT NO. 444: Textile Report, Part Three Wages and Weekly Earnings, Woollen and Worsted Goods

Now, to deal with exhibit number 441, the working foremen apparently received 50.3 in the North and after the code was effective it was 68.6 cents an hour?

A. Yes, correct.

Q. The South 40.1 and that then was raised to 60.7 so in that case the rise in the South appears to

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Mr. [Name] : [Address] : [City] : [State] : [Zip]

• 1000000 •

McMahon,

have been higher? A. It was because of the low condition prior.

THE COMMISSIONER: It was 50%.

MR. McRUER: Yes. Now, I don't want to run over each one of these, but take the loom fixers, in the North 46.3 became 64.8; that was a very large rise?

A. The minimum wage for loom fixers to-day throughout the whole of New England, New York and Pennsylvania and New Jersey is \$24.80 for plain cotton loom fixers.

Q. \$24.80 for a 40 hour week? A. Yes, for

a 40 hour work week. On the second grade, on the box looms and dobbies it is \$26.80 for 40 hours.

The next grade is from \$28.00 to \$33.00 at the present moment.

Q. Can you tell me how the Canadian loom fixer compares with the American loom fixer? A. I

would have to, and I hate to, but I have got to place them in a comparison with the Southern textile worker and not quite so high, with the figures that have been submitted to me.

Q. You mean for wages? A. For the hourly wage.

Q. Well, we can compare that ourselves, but I mean as an artisan, as a skilled workmen is the Canadian loom fixer as skilled a man as the American loom

fixer? A. Oh, yes sir.

Q. In comparison one way or another you would say he was just as good a workmen and should command as high a rate of wages as the American? A. Yes, sir.

have been right?
... It was because of the
...
... I don't want to run over
each one of these, but take the loan fixers, in the
North 45.8 because 64.8; that was a very large rise
... The minimum was for loan fixers to-day through
the whole of New England, New York and Pennsylvania
and New Jersey is 54.80 for plain cotton loan fixer
... 54.80 for a 40 hour week?
... on the second grade, on the
... 40 hour week?
... 54.80 for 40 hours.
The next grade is from 54.80 to 55.80 at the present
...
... Can you tell me how the Canadian loan fixer
compared with the American loan fixer?
... would have to, and I hate to, but I have got to place
... and not quite so high, with the figures that have been
submitted to me.
... for the weekly?
... Well, we can compare that ourselves, but I am
... as an Englishman, as a skilled workman in the 3 weeks
... time as skilled a man as the American loan
...
... A. Oh, yes sir.
... in comparison with another you would
... as you have a good workman and should command
... might a rate of wages as the Americans?
...
...

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Q. He is skilled -- A. The experienced loom
fixer in Canada to-day, in some of our mills that are
manufacturing Jacquard products right close by this
city, those that are working on some of the dobbies
and box looms, are without a doubt the equal of any
loom fixer in the world because they were taught
as most of our people were taught originally by the
practical loom fixer from England and France.

(page 6765 follows)

.. He is skilled -- A. The experienced is a

fixer in Canada today, in some of our cities that are
concentrating business and industry. These men are working on some of the business
and box rooms, and without a doubt the work of the
fixer in the world because they are the
as most of our people were brought originally by the
emigrated from fixer from Ireland and France.

(continued on page 0871)

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BY MR. McRUER: Q. Now, I want to pass down to some of the other types of workmen. Slubber tenders?

A. Well, we might take in draw-ing-in hands, that is a female operator, as a rule? A. Yes.

Q. In the card room? A. Yes.

In the north apparently she had an average wage of 30.8 and that became 42.7. In the south, it was 23.2 and became 38.8. The slubber tender is a male operative? A. It is generally male.

In the north, the hourly rate was 30.3 and became 48.8. In the south it was 21.3 and became 37.4. And the weavers in the north was 30.1 and became 44.2. In the south it was 23.5 and became 40.1. Now, could you tell me whether our weavers here are, in your opinion, equally skilled with the weavers in the United States? A. I would say so, yes.

Both at Three Rivers and here, - I am quite a window-shopper, and I visited some of the places trying to find out where the products were produced, insofar as I was able, and from my knowledge, personal contact with weavers during the past 17 or 18 years in the province and throughout Canada I can say, without fear of contradiction, they are equal.

Q. Now, the lowest paid operatives in the south, in the United States which appears to be the category of learners and apprentices, female, according to your list, is paid at the rate of 24.2 an hour.

CHARTERED

MEMORANDUM

11/10

My Mr. [unclear] I want to pass over to
some of the other types of workmen. Slipper
[unclear] we might have in drawing-in hands, that
a female operator, as a rule?
[unclear]
[unclear] the north apparently the had an average
[unclear] of 30.5 and that became 42.7. In the south,
it was 32.2 and became 38.8. The slipper tender
is a male operative? [unclear] it is generally male.
[unclear] in the north, the hourly rate was 30.5
and became 42.7. In the south it was 31.3 and became
37.4. and the weavers in the north was 30.1 and
became 44.2. In the south it was 30.5 and became
40.1. Now, could you tell me whether our weavers
here are, in your opinion, equally skilled with the
weavers in the United States?
A. I would say so.
Both at Three Rivers and here, - I am
[unclear] a window-shopper, and I visited some of the
places trying to find out where the [unclear] were
[unclear] indeed, insofar as I was able, and from my knowledge
[unclear] contact with weavers during the past 15 or
20 years in the Province and throughout Canada
[unclear] without fear of competition, they are
[unclear].
[unclear] Now, the lowest paid operatives in the north,
in the United States which I hear to be the category
of [unclear] and operatives, female, according to
[unclear] in the north of the [unclear] [unclear]

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McMahon

5 A. You will find in the code that for learners a six-week period in the cotton code was allowed at a wage 80 per cent. of the minimum. The minimum was 12 in the south; it would be 20 per cent. and in the north 13, - 80 per cent. of that.

10 Q. Those that are shown on your table, the labourers and apprentices, no, the learners and apprentices come in the category of those that were on that, so to speak, six weeks probation? A. The females here as learners and apprentices will be in one category. The labourers and apprentices here will mean outside of the place where coloured labour is mentioned, that due to the fact that for 15 southern textile manufacturers the wage of the negro working in the mill, in the yard, was not maintained at the minimum of 12, or 13, in the north. We have very few of them in the north, of course, but in the 20 south there was no minimum established for the negroes working.

25 Q. I will come back to that, but I want to give those that are shown on this list as learners and apprentices, employees who would be on six-weeks probation? A. Yes.

Q. They would be? A. Yes, sir.

30 . So that this rate that prevailed for them would only last for six weeks? A. Yes, sir.

. Then they would come into some branch category? A. Correct. They start then with the minimum,

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Q. You will find in the code that for learners
a six-week period in the code was allowed at
a wage 10 per cent. of the minimum. The minimum
as is in the code; it would be 10 per cent. and
in the code 10, - 10 per cent. of that.
These that are shown on your table, the
learners and apprentices, no, the learners and
apprentices come in the category of those that were
on that, so to speak, six weeks probation?
Learners here as learners and apprentices will be
in one category. The learners and apprentices
very little time would be in the code for
about as mentioned, that one to two weeks for
working in the mill, in the yard, was not mentioned
of the minimum of 10, or 10, in the north. We have
very few of them in the north, of course, but in the
south there are no minimum established for the region
working.
Q. I will come back to that, but I want to give
those that are shown on this list as learners and
apprentices, employees who would be on six-weeks
probation?
A. Yes.
Q. They would be?
A. Yes, sir.
Q. So that this rate that prevailed for them would
only last for six weeks?
A. Yes, sir.
Q. Then they would come into some probation category?

either north or south.

Q. Yes. Then will you tell me, please, what sort of work the coloured laborers do in either the north or the south?

5 A. Within the past two or three months, I have made an extensive survey of the south. As a matter of fact, Palm Sunday and Easter Sunday I was in the South that period, back that far, five weeks; I came back once into the North,--
10 North Carolina, South Carolina, Georgia, Tennessee and Alabama. And I came in close contact with thousands and thousands of our people. I talked with some of those closely aligned with the management of many of our mills. I have many good friends amongst those
15 who are in the management end of the mills. And this question of the negro is a very hot question in the Southern States, and these workers, negro workers are employed generally, I might say, all, in the yard with the exception of where there is a plant
20 with a dye house, and there you will find negro workers in the yard, and all pertaining to the rough work, firing up if it is a steam mill; they are all negro operatives, trucking, etc., that class of work
25 is all negro work.

BY THE COMMISSIONER: Q. In the dyeing?

A. In the dyeing, if there is a mill that has the dye house attached and the negro gets in through some
30 xxx trouble either the whites quit or the negro quits, as wherever a negro is in the department the other

THEY ARE THE ONLY

Yes. Then all you tell me, please, what

sort of work and coloured laborers do in either the

North or the South? Within the past two or

three months, I have made an extensive survey of the

South. As a matter of fact, from Sunday and Monday

morning I was in the South West, back that far,

five weeks; I came back once into the North,

and I came back once into the North,

and Alabama. And I came in close contact with thousands

and thousands of our people. I talked with some of

those closely allied with the management of many

of our mills. I have many good friends amongst those

who are in the management and of the mills. And

this question of a negro is a very hot question

in the Southern States, and those workers, negro

workers are employed generally, I might say, all in

the yard with the exception of where there is a plant

with a dye house, and there you will find negro

workers in the yard, and all pertaining to the rough

work, firing up if it is a steam mill; they are all

negro operatives, turning, etc., that class of work

is all done by

By the way, I should like to ask you, in the United

States, is there a mill in which the negro

is not employed and the negro gets in through some

trouble either the white side or the negro side,

wherever a negro is in the department the other

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workers are not working. The white workers refuse to work with the negro worker.

5 BY THE CHAIRMAN: Q. Are the negroes paid according to this code? A. No, my lord. The negroes are paid a wage of \$9.60 per week, generally. They are working the 40 hours, my lord.

10 MR. McRUER: Did we not have a statement, Mr. Whiteley, that you did a mathematical calculation on which showed the rates at Sherbrooke?

MR. WHITELEY: Exhibit 145, Mr. McRuier.

15 BY MR. McRUER: Q. Now, we have on Exhibit 145, a calculation of the rates per hour prevailing at the Sherbrooke plant, and I wonder if you could by following Exhibit 441, give me the corresponding rates both in the north and the south and take the figures, first before the code and then afterwards in respect to the different occupations that I may read out to you? A. Yes, sir.

20 Q. Drawing tenders, basic rate, 25.81 cents an hour; average hourly rate, 24.16 cents? A. Drawer-in-hands, female, the north prior to the code 30.8; following the code, 42.7. In the south, prior to the code, 23.2, following the code, 38.8.

25 Q. Slubber tenders, basic rate, 31.09; average hourly rate 27.04? A. Yes, sir. Slubber tenders, male, north, prior to the code, 30.3; following the code, 48.8. The south, prior to the code, 21.3; following the code, 37.4.

workers are not working. The white workers refuse to work with the negro worker.

Q. How many of the white workers are there?

A. No, my lord. The negroes are

paid a wage of \$1.00 per week, generally. They are

working 40 hours, my lord.

Q. And did we not have a statement, Mr.

Witness, that you had a mathematical calculation on

which showed the rates at that time?

A. Yes, my lord. I have it, my lord.

Q. Now, we have on Exhibit 14,

a calculation of the rates per hour prevailing at the

Charbrooke plant, and I wonder if you could by

following Exhibit 14, give me the corresponding

rates both in the north and the south and take the

figures, first before the case and then after and

in respect to the different wage items that I say

read out to you? A. Yes, sir.

Q. Drawing tenders, basic rate, \$3.41 comes as

in the north, \$3.41, and in the south, \$3.41.

Q. Now, the north prior to the case \$3.41;

following the case, \$4.7. In the south, prior to

the case, \$3.41, following the case, \$3.41.

Q. Now, the north, \$4.7, and the south, \$4.7.

Q. Now, the north, \$4.7, and the south, \$4.7.

Q. Now, the north, \$4.7, and the south, \$4.7.

Q. Now, the north, \$4.7, and the south, \$4.7.

Q. Now, the north, \$4.7, and the south, \$4.7.

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Session

A. You are correct you have taken the drawing frame tenders there.

Q. What I asked for is the drawing room tenders, which is a card room operation? A. Correct.

5 No, drawing frames I thought I saw on one.

Q. I want to be correct, drawing room tenders is a card room operation? A. Drawing frame tenders is a card room operation.

10 Q. Now, it is here as drawing tenders and this means the card room? A. Yes.

Q. Now, is there a correction to make as to the drawing tenders? A. The drawers-in hands in the weave shops are the girls that draw the warp, get it ready for the harness and get it ready to go into the looms.

15 Q. I am dealing with the card room, drawing tenders - will you give me the figure? A. The figure I gave for the drawing-in hands in the weave shop should be corrected and should read as follows: Drawing frame tenders, in the north 23.7 prior to the Code; 35.2 following the Code. In the south 19.1 prior to the Code and 23.8 following the Code.

20 Q. We had the slubber tenders? A. Yes,

25 Q. Now, the intermediate tenders - basic rate 28.36, average rate 24.98 - what are the intermediate tenders? A. Just a moment. Those are the speeder tenders and I do not see any intermediate.

30 Q. I am coming to the speeder tenders?

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Location

Q. You are correct you have been for drawing

A. Yes, correct.

Q. What I asked for in the drawing room tender

A. Which is a card room operation?

Q. Drawing frames I thought I saw on one.

A. I want to be correct, drawing room to 50's

A. Drawing is a card room operation.

It me to 50's is a card room operation.

Q. Now, it is here as drawing tenders and this

A. Yes, means the card room

Q. Now, is there a correction to make as to

A. The drawing-in

frames in the weave shops are the 40's that draw

the warp, get it ready for the harness and get it

ready to go into the looms.

Q. I am dealing with the card room, drawing

tenders - will you give me the figures? A. The

figure I gave for the drawing-in hands in the weave

shop should be corrected and should read as follows:

Drawing frame tenders, in the month 35.7 prior to

the 1911 rate, 35.7 prior to the 1911 rate

1911 prior to the 1911 rate and 35.8 following the 1911

Q. And the slipper tenders?

A. Yes,

Q. Now, the intermediate tenders - basic rate

35.7, average rate 35.7, 1911 rate 35.8

A. That's correct.

Q. I do not see any intermediate

A. I am coming to the tender for 1911

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A. There is nothing here on the intermediate,
although we have intermediate.

Q. We will take the speeder tenders. Hourly
rate, basic rate 27.45; average 28.38? A. The
5 speeder tenders, female, card room, 24.7 in the
north prior to the Code; 40.2 following the Code.
In the south 21.5 prior to the Code and 36.8 fol-
lowing the Code.

Q. Speeder Doffers, basic hourly rate 16.18,
10 average hourly rate 16.54? A. We have
two doffers here. Speeder doffers you were at?

Q. Yes. A. In the north 24.7
prior to the Code, 35.9 following the Code. In
15 the south 19.5 prior to the Code, following the Code
34.9.

Q. Weft Spinners, basic hourly rate 25.27,
average hourly rate 22.96? A. Frame
Spinners, female.

20 Q. Are there two different rates, one for
female and one for male? A. There are.

Q. For weft spinners? A. No, not with
us. The price list fixes that. There is a different
price list.

25 Q. Weft Spinners? A. Female prior
to the Code 24.7, following the Code 40.2. South,
prior to the Code 21.5, following the Code 36.8.

Q. Weft Doffers? A. They are both
30 controlled with the one in this here. We take in

A. There is nothing here on the interoffice.

although we have interoffice.

. We will take the speaker's name. Henry

A. The

speaker's name, Henry, is, card room, 44.7 in the

card prior to the code; 40.1 following the code.

In the south 21.5 prior to the code and 22.5 fol-

lowing the code.

. Speaker's name, Henry, is, card room, 44.7 in the

average hourly rate is .05

two dollars here. Speaker's name, Henry, is, card room, 44.7 in the

. Yes. A. in the north 24.7

prior to the code, 22.5 following the code. In

the south 19.5 prior to the code, following the code

24.7.

. Well, speakers, basic hourly rate is .05.

Speaker's name, Henry, is, card room, 44.7 in the

average hourly rate is .05

. Are there two different rates, one for

female and one for male? A. There are.

. For well speakers? A. No, not with

us. The price list fixes that. There is a different

price list.

. Well, speakers? A. Female prior

to the code 24.7, following the code 20.5. South,

prior to the code 21.5, following the code 22.5.

. Well, speakers? A. They are both

controlled with the one in this case. A. There is

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McMahon

here spinner, warp spinner, filling spinner, what you call weft. The spinners are paid according to the yarn run for the doffer.

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Q. Are the weft spinners and way spinners both paid at the same rate? A. They are both paid at what they spin.

10

Q. Would the hourly rate work out the same? A. Yes. Hold on, I am wrong. Hourly would not work out the same because if I am spinning No. 16 and you are spinning a No. 20, there will be a difference there, but at the end of the month both will work out about the same, according to the price list arranged in the office.

15

Q. Well, for the purpose of the compilation of these average rates that prevail the weft and way spinners were taken together? A. Yes sir.

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Q. And weft doffers and way doffers? A. Yes.

Q. Now, the cone winder tenders, have you them on your list? A. No, I have not.

Q. Have you the spooler tenders? A. I think I have.

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Q. I have several different rates for the spooler tenders. The Barker-Coleman, Bash-Lowell machine. Then you have spooler tenders, female?

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A. We have spooler tenders female and that is all we have. We have no male spooler tenders. For the north prior to the Code, 22.1; following the Code 38 flat. The south 19 before the Code, 32.2 following

the year for the dollar.

the Code.

Q. I have them on three different types of machines. The basic rate according to the type of machine at the following rates: 21.72 and 25.81.

5 The average hourly rate is as follows: 26.69, and 23.36.

A. My answer to that is we take those four, place them together to arrive at the average and put it right down here.

Q. Have you a warper tender? A. Yes.

10 You are going up to the weave shop again.

Q. On the warper tenders, hourly basic rate is 25.81 and 30.72 and the average 23.61 and 20.62 according to the type of machine. How do they

15 compare? A. The warper tender in the north before the Code 27.8, after the Code 29.9. In the south prior to the Code 24.2, following the Code 37.3.

20 THE COMMISSIONER: Do I understand Mr. Geoffrion has not a copy of what you have?

MR. McRUER: I gave them a copy but they may not have it here.

MR. GEOFFRION: We can check that later on.

25 We may not be able to cross-examine the witness on it.

MR. McRUER: Q. Have you got battery hands on your list? A. We should have.

30 Q. Could you do this for me? I will give you copy, Mr. McMahon, of this list that shows the

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Examination

the Code.

Q. I have been on three different types of machines. The basic rate according to the type of machine at the following rates: \$1.75 and \$2.51. The average hourly rate is as follows: \$2.50, and \$2.50. My answer to that is as

average and put it right down here.

Q. Have you a warper tender? A. Yes. You are going up to the weave shop again.

Q. On the warper tender, hourly basic rate is \$2.51 and \$2.75 and the average \$2.51 and \$2.52 according to the type of machine. How do they

Q. The warper tender in the north before the Code \$2.8, after the Code \$2.6. In the south prior to the Code \$4.8, following the Code \$2.3.

Q. The Commission: Do I understand Mr. Geoffrey has not a copy of what you have?

Mr. Geoffrey: I have them a copy but they may not have it here.

Mr. Geoffrey: We can go on that later on. We may not be able to cross-examine the witness on

Mr. Geoffrey: Have you got battery hands on your list? A. We should have.

Q. Could you do this for me? I will give you copy, Mr. Geoffrey, of this list that shows the

rates of wages calculated on an hourly basis from the payroll of a particular period at the Sherbrooke mill and could you then complete it by setting opposite them the information taken from this Exhibit 441 for comparative operations?

A. I will secure that if it is at all possible and I think it is from an employer right direct from a mill now in operation.

Q. I would sooner take it from these departmental figures. This is authentic, comes from the United States Department of Labour? A. Yes, absolutely.

Q. The only thing that I would ask you to identify, the different operations and fill them in?

A. If they have them I will get them.

Q. Just do what you and I have been doing just now and then we will file it when you give it to me. Of course, a 40 hour week prevails now throughout the United States in the textile industry?

A. Quite generally. Very few broken away from the 40 hour week.

Q. Since the National Recovery Act was found to be unconstitutional by the Supreme Court of the United States has there been much variation in the scale of wages in the mills?

A. The variation that has taken place has been increased stretch-outs, the load, the individual operative's load has been increased. For instance, I am

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rates of wages calculated on an hourly basis from

the payroll of a particular period at the

therefore will and could you then say it is

by setting opposite them the information given in

this Exhibit 441 for comparative operations?

Q. All right, now if I take the figures in

I think it is from an employer right direct from

a will now in operation.

Q. I would sooner take it from these figures

of figures. This is authentic, comes from the

United States Department of Labour.

absolutely.

Q. The only thing that I could ask you to

identify, the different operations and tell them I

A. If they have them I will get them.

Q. Just do what you and I have been doing

(now) and you will see it when you have

it to me. Of course, a 40 hour week prevails now

throughout the United States in the textile industry.

Q. Write generally. Very few broken away from the

40 hour week.

Q. Since the National Recovery Act was passed

to be non-competitive by the Supreme Court of the

United States has there been much variation in the

scale of wages in the mills?

A. The

variation that has taken place has been increased

stretch-outs, the load, the individual operative's

load has been increased. For instance, I am

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McMahon

operating 40 looms, five more are added for the same envelope wage as I had prior for the 40, thus they are reducing wages along the line of the stretch-out, although we have some mills which have deliberately cut but they are small in number in comparison with the whole.

Q. Could you tell me what is the effect of what you call the increased stretch-out, what is the effect on the workmen?

A. The effect as we are finding it has been the mental, physical makeup of the human has been hurt very severely and particularly among our women.

Q. Why?

A. In the same manner as the last straw being placed on the camel's back, the additional load is too great, and the number of unemployed in the industry is still large, on account of the stretch-out the fear of losing of the job has compelled workers to take larger loads than they ordinarily would.

Q. We have had one employer who has stated before the Commission that he found that he increased his production by reducing the amount that he paid per piece. Would that--

THE COMMISSIONER: And at the same time did not he increase the hours? He increased the hours from eight to ten and decreased the piece rate.

MR. BEAUREGARD: Decreased the rate but he did increase the production because the worker increased

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operating 40 hours, five more are added for the

and the other four are added for the

there they are receiving wages along the line of the

stretch-out, although we have some mills which have

stretch-out, although we have some mills which have

stretch-out, although we have some mills which have

.. could you tell me what is the effect of that

you will see increased stretch-out, what is the

.. The effect

as we are, finding it has been the mental, physical

stretch-out of the worker has been very seriously and

stretch-out, although we have some mills which have

.. in the same manner as the

stretch-out being placed on the worker's back, and

additional load is too great, and the number of un-

involved in the industry is still large, or so-

amount of the stretch-out, the loss of living of the

has been compelled workers to take larger loads than

.. originally would.

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.. he has two employees on that he found that he in-

.. his production by reducing the amount that

.. the amount that

.. at the same time it is not

.. the amount that

.. the amount that

.. the amount that

.. the amount that

the speed.

THE COMMISSIONER: Yes, increased the speed, as he said himself to earn enough to live.

5 MR. McRUER: I remember putting the question to the witness: then your policy was to decrease the amount you paid per piece for the purpose of increasing your production and he said yes. That evidence has been given? A. Will you just say that over again?

10 A. That the amount paid per piece was decreased with the result that it increased the production of the mill and it was admitted it was a part of the policy to increase the production of the mill to decrease the amount paid per piece on--?

15 THE COMMISSIONER: I do not think you can leave out the other element, increased the hours. A worker got so much a piece and working eight hours and makes them work ten hours and gives them less per piece but the worker earns the same at the end of ten hours as he did at the end of eight hours but he must work harder. Whether that would increase the production--.

20 MR. McRUER: He admitted it did increase the production.

25 THE COMMISSIONER: When you take into consideration the increase of hours then you do get increased production.

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He was earning the same figure at a lesser rate.

Secondly he was increasing production.

5 MR. McRUER: I think my recollection is that I followed up that question to say by so doing the worker in order to get enough to live on had to work that much harder and the result was the mill got the production. Now, from your observations of the conditions of work does such treatment affect their health and physique?

10 A. Oh yes, there is no doubt of it. The stretch out system is responsible to-day for the considerable number of nervous wrecks that we have got.

MR. GEORTRION: How can he know that?

15 BY MR. McRUER: Q. Well, my friend says how do you know? I want you to tell me just why you say so?

A. Our Organization has got 40 or 50 representatives throughout the country who are assigned to various zones --

20 BY THE COMMISSIONER: Q. Who are what?

A. They are assigned to various districts or zones for the purpose of organizing and the reports gleaned from them, from their reports to us, indicates that when the load, already sufficient, is added to by the employer in an attempt to reduce overhead costs the result is disastrous to the health of the workers.

25 BY MR. McRUER: Q. I suppose your organization makes a point of studying carefully the conditions that affect the health of the workers?

A. Yes.

30 THE COMMISSIONER: What is that?

BY MR. McRUER: Q. I said, I suppose your organ-

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to was working the same time as a 1 cent rate.
occasionally he was increasing production.
Q. Now, I think my recollection is that I
followed up that question to say by not doing the
worker is often to get enough to live on but to work
that much harder and the result was the mill got the
product. Now, from your observations of the
conditions of work some time ago, about 1937
health and productivity. A. Oh yes, there is no
count of it. The greatest out of question is responsible
today for the considerable number of nervous wrecks
that are now got.
Q. Now, how do you know that?
A. Well, my father says how do
you know? I want you to tell me just what you say
not. A. Our organization has got 50
or 60 representatives throughout the country and the
assigned to various zones --
Q. Now, what are these zones?
A. They are assigned to various districts or zones
for the purpose of organizing and the results of the
from them, from their reports to us, indicating that
then the food, already abundant, is added to by the
employer in an attempt to reduce overhead costs the
result is disastrous to the health of the workers.
Q. Now, I think you are saying that the conditions
taken a point of striking a really the conditions
that affect the health of the workers?
A. Yes.
Q. Now, what is that?
A. Well, I think I suppose you mean

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ization makes a point to study carefully the conditions that affect the health of the workers? A. Yes, we have a death benefit policy.

Q. You have which? A. A death benefit policy.

5 Q. What is that? A. Death benefits; a member dies at the end of one year and for 15 cents we pay them \$150. One full year, and in case something happened and they died, we know by our records what is taking place in the industry.

10 Q. Does that cause you to keep in touch with the conditions affecting the health of the workers?

15 A. Oh no, not necessarily. The general inclination in a community or any textile mill is at the meetings to have reports from those who are either sick or hurt, or accidents, and where the various States have got various compensations it is our duty to look after that to see that they receive what they are entitled to according to law, and that naturally and necessarily keeps us in touch with the family conditions to a large extent of many of our workers.

20 Q. What is the history of textile workers under normal conditions? We will leave out of consideration the stretch out process but say under normally fair conditions what is the history in regard to textile workers' ability to continue long at the work?

25 A. Under fair conditions the textile worker is physically and mentally able to produce up to and including 60 years of age.

30 Q. Does that apply to women as well as men?

A. Yes, I would say so.

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 that affect the health of the workers?
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 A. What is that?
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 A. Yes, I would say so.
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Q. Well, is it a fact that under conditions under which they are working nowadays that you find many textile workers able to continue to work up until 60 years of age?

A. Not to-day in many centres. We have some centres that we have protected through our organization, and where what I have mentioned exists, but in the centres where it does not exist, where the organization is of recent growth, the conditions existing there are abnormal insofar as their health is concerned.

Q. What about that? You say they are abnormal. I want you to be more definite.

A. I am a spinner and I have arrived at the age of 45 and because of legislative action that we applied for it entails excess taxation and the officials of the company naturally to reduce the overhead cost see to it that as many of the old ones as possible are thrown on the scrap heap and the manufacturer looks to the lower ones, the younger ones, rather, up to an age. You will find it is a case with those remaining, when they are arriving at this point in those States where this law has existed for several years, that naturally they are thinking of how they will exist following the time when it arrives to throw them on the scrap heap. That, along with their work, has a lot to do with the present physical condition and nervous condition of textile workers the world over as well as in my own country.

Q. I want to get though something more in regard to your reference to your organization. I understood

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Q. Well, is it a fact that under conditions

under which these two working men were that you find many people who are able to continue to work up to

60 years of age? A. Not really in many

cases. I have some cases that I have

collected from my own collection, and where what I have found and exists, but in the majority of cases it

does not exist, where the organization is of recent

growth, the conditions existing there are abnormal

transfer as their health is concerned.

Q. What about that? You say they are abnormal

I want you to be more definite. A. I am a

spinster and I have arrived at the age of 45 and

because of remedial action that is applied for

it is not his excess taxation and the effects of the

company naturally to reduce the overhead cost and

it is not one of the old ones as possible are

thrown on the scrap heap and the manufacturer looks

the lower ones, the younger ones, rather, up to an

age. You will find it is a case with these people

that, when they are arriving at this point in their

latter where this law has existed for several years,

that naturally they are thinking of how they will

be able to continue in the work in their own

on the scrap heap. That, along with their work,

has a lot to do with the present mental condition

and nervous condition of people's workers the world

over as well as in my own country.

Q. I want to ask you a question now, is it

in your opinion, if you were to take

you to say that in those districts where your organization was effective that conditions prevailed that enabled the textile workers to work to a greater age in the mills than in those districts where your organization was not effective. Did I understand you correctly? A. You did. Take my own city --

Q. Just a moment, now. That is what you meant to say? A. Yes, sir.

Q. I want to know why it was that the age limit of the textile workers was raised in the mills where your organization was effective? What were the conditions that prevailed in the mills that militated against long life in the textile industry?

A. Take my own city where the prevailing wage has been maintained fairly well over the past 25 years. Take cities comparing with it, of the same production of the same fabric, take Maine, the State of Maine and the city of Lewiston and compare it with the city of Pawtucket, Rhode Island, and you will find that in the State of Maine, in Lewiston, a condition is prevailing whereby the workers in that district who are 45 and over are cast on the street, and observation alone, without any training for a physician, will give you the definite knowledge that there is something wrong.

Q. You mean they appear to be aged and broken down? A. Broken down, whereas in the city of Pawtucket, you can go there to-day, and we have terrific unemployment, yet the maintenance of those conditions that have existed so long have

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that enabled the textile workers to work to a greater
age in the mills than in those districts where your
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remained fairly well over the past 25 years. Tell

cities comparing with it, of the same production of

the same fabric, same machine, the State of Maine and

the city of Lewiston and compare it with the city of

Newmarket, Rhode Island, and you will find that in

the State of Maine, in Lewiston, a condition is

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are 45 and over are sent on the street, and oper-

ation alone, without any training for a physician,

will give you the definite knowledge that there is

something wrong.

A. You mean they appear to be aged and broken

down? A. Broken down, whereas in

the city of Lewiston, you see in some factories, and

we have terrific unemployment, yet the maintenance

of those conditions that have existed so long have

spelled long life and a fairly happy one for the textile workers there.

Q. Have you any data in your organization that we could study for the purpose of comparing the average age of the textile workers in the different districts?

A. No, I have not. It is probably possible I could get it from the department, the women's department at Washington. It is quite possible I could get it from the Secretary of Labour.

Q. You think such information might be available?

A. I am pretty near sure, yes, but we haven't it.

Q. Well, what do you do? What does your organization do in Rhode Island, for instance, to bring about a happier and healthier condition for the workmen?

A. We have practiced the thing that we must practice. We have put into effect for many years what I believe the industry must go back to, that quality comes first and quantity is ^Asecondary consideration. The quality of the fabric produced necessitates close observation to work particularly where it is a box loom, dobbie loom or jacquard loom product, and because of that the treatment accorded by the employer who does not believe in seconds is better than is accorded by the employer whose only object is mass production of quantity regardless of quality. This is prevalent in the printing division of the industry whether it is rayon or cotton, because of the fact that the base colour as the material goes through the printing machine becomes what we call the field or background and it has all the imperfections covered

textile workers there.

Q. Have you any data in your organization that

we could study for the purpose of comparing the work
of the textile workers in the different districts?

A. No, I have not. It is probably possible I could

get it from the department, the women's department of

Washington. It is quite possible I could get it

from the Secretary of Labor.

Q. You think such information might be available

A. I am pretty near sure, yes, but we haven't it.

Q. Well, what does your organization do in those

districts to in those districts, for instance, to bring

a higher and healthier condition for the workers?

A. We have practiced the thing that we call practices.

We have put into effect for many years what I believe

the industry want to look to, that quality comes

time and quantity is secondary consideration. The

quality of the work is the primary consideration.

operation to work particularly where it is a big

loom, double loom or high speed loom present, and

because of that the treatment accorded by the employer

who does not believe in accident is better than is

accorded in the mills where the accident is common.

production of quality regardless of quality. This

movement in the printing division of the industry

whether it is paper or cloth, because of the fact

that the base color as the material goes through

the printing machine becomes what we call the tint

or background and it has all the important color

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and
up/even though the weaver has been fined for the piece
the same piece is passed through the mill and comes
through finished as first class piece. We don't
believe in that.

5 Q. I want to know what are the conditions surround-
ing the workmen that your organization has brought
about and then I am going to ask you how you brought
it about?

10 A. Well, for instance, that (in-
dicating) is the an agreement of the tapestry workers
and drapery workers of the city of Philadelphia.

15 I have not unfortunately the agreement that we
arrived at, the manufacturers of Pawtucket and myself,
about a year ago when we were talking and discussing
what we would do with the rayon industry and lack
of work in the city of Pawtucket, because in some
cases the machinery was obsolete.

20 Q. Alright -- A. Those places where
we are in accord with the employer and no trouble
exists for years, and they are greater in number
than where trouble does exist, you will find there is
good feeling and longevity.

Q. Is there anything in regard to the work loads
or conditions of labour? A. Yes.

25 Q. That you are able to improve? A. We sit
down with the employer, many of them, and we discuss
as we did at the Pequot Mills in Massachusetts several
years ago, and then we discuss first with the employer
how to meet competition and we don't go about it by
30 the yard stick of the stop watch but we start down
in the picker room and opening room. We know the grade

believe in that.

Q. I want to know what are the conditions surrounding the workmen that your organization has brought about and when I am going to see you how you brought it about?

A. (The agreement of the company with the and property workers of the city of Philadelphia. I have not unfortunately the statement that we arrived at, the management of Lewtchuk and myself about a year ago when we were talking and discussing what we would do with the region industrial and back of work in the city of Philadelphia, because in some cases the machinery was obsolete.

Q. Alright -- A. Those places where we are in accord with the employer and no trouble exists for years, and they are greater in number than where trouble does exist, you will find there is good feeling and loyalty.

Q. Is there anything in regard to the work force or conditions of labor?

A. Yes. Q. That you are able to improve down with the employer, many of them, and we discuss as we did at the recent strike in Massachusetts several years ago, and then we discuss first with the employer how to meet competition and we don't go about it by the yard stick of the stop watch but we start down in the platen room and opening room. We know the

of cotton which becomes the first substance, the first background of any production that is produced insofar as the textile mills are concerned. We proceed and fix the processing departments before we attempt to interfere with the weaving department. Thus when it comes to the producing end, to the weaving end, there is very little chance for the worker to find fault because regulatory arrangements have already been established in the processing, carding and spinning departments and we say to them, you are operating 16 looms under condition prior, you will now operate 18 or 20 looms, and the price list, I am sorry I have not it for the Pawtucket, because it would answer the questions thoroughly that you have asked me.

Q. Let me see if I follow that carefully.

You by conference with the employers bring about an improvement in the card room?

A. In the processing departments.

Q. In the processing departments and that improvement in the processing departments enables the weaver to operate more looms?

A. Correct.

Q. I take it because there will be less breakages and the yarn will be in better shape when it comes to the loom?

A. Yes.

Q. And then the weaver being able to operate more looms, of course would increase the production?

A. Correct.

Q. Would he get paid more?

A. Yes, they

did there and have in several other places.

Q. Would his rate per piece be cut down because

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he was given more looms in that instance?

5 A. The rate per piece would be cut down but his
production per loom would be increased, and the whole
trouble insofar as I have observed it for the many
years that I have spent in the mill and outside of it
as an officer of a textile organization, the trouble
is that we make the improvement or rather we put in
the stretch out at the top and make no arrangements
from the bottom at all so that the house must eventually
10 collapse. That has been our trouble.

XXQ. When the stretch out comes in at the top
it is the operative that is stretched?
15 correct.

A. That is

Q. I am afraid we will have to ask you to remain
over. Your knowledge of the industry is too important
for us to dispense with you to-night, if you can make
it convenient.

20 THE COMMISSIONER: Well, we might sit from ten
till one to-morrow. How will that do?

MR. GEOFFRION: You are taking this gentleman
to-morrow?

MR. McRUER: Yes, we will have him here to-morrow.

25 THE COMMISSIONER: Well that be sufficient, ten
till one?

MR. McRUER: Yes, I think so.

-- The commission adjourned at 5 p.m., Friday, June 12th
1936 to resume at 10 a.m., Saturday June 13, 1936.

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McMahon.

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it convenient.

THE COMMISSIONER: Well, we might sit from ten

until one to-morrow. How will that be?

MR. GROFF: You are taking this gentleman

to-morrow?

MR. McNEER: Yes, we will have him here to-morrow.

THE COMMISSIONER: Well that be sufficient, ten

until one?

MR. McNEER: Yes, I think so.

-- The commission adjourned at 3 p.m., Friday, June 13,

1936 to resume at 10 a.m., Saturday June 13, 1936.

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